Slough Borough Council
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Taking pride in our communities and town

PRE AUDIT

(DRAFT)

STATEMENT OF ACCOUNTS

2010/11

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Explanatory Foreword

This section highlights some of the most important matters reported in the accounts and comments on any issues that have had a major effect on our finances.

The general economic climate flagged as a risk to financial stability in our Annual Governance Statement last year impacted significantly. During the financial year ended 31st March 2011 the council faced unprecedented in year reductions in excess of £3million.

The Comprehensive Spending Review (CSR) announced at the end of 2010 reduced funding by a further £8 million for the following year. This was in addition to the £4m efficiency requirement already agreed by Members. The Council faced a challenge requiring circa £12 million budget reduction in the year 2011/2012 and a total cumulative reduction circa £25million over the course of the next 3 years.

Members were determined to protect front line services and focussed the 2010/2011 savings on back office, corporate and support service areas. Early preparation in anticipation of these further cuts to public spending for the financial year 2011/2012 paid dividends. A programmed “planning for the future” workforce reduction exercise, alongside managed contraction, capital financing adjustments and focus on improving income collection and debt management across the workforce as a whole was put into place in the Autumn. Enabling Members to deliver their primary objective to afford maximum protection to frontline services,

This early planning for the imposed 2011/2012 sizeable budget reductions delivered an in year under-spend position of £995k. As agreed by members when approving the new budget, this one-off gain was allocated the Council’s general fund. Increasing the balance, which had been held at levels close to minimum requirements for some years previously, to £6.3m as at 31st March 2010.

The workforce planning exercise secured an annual savings contribution of £3.1m incurring associated one off costs of £2.9m, fully funded in year.

Parallel to planning for the coming year, the imposition of in year cuts required immediate action and effective budget management. Our rigorous approach to budget monitoring has resulted in:

- The total net expenditure of the council was contained within budget; the final outturn being an underspend against budget of £995k

- The general fund balance as at 31st March 2011 stands at £6.3m, this is an increase of £995k in comparison to the previous year and represents our commitment to strengthening our reserves and improving financial sustainability.

- The one-off costs of delivering the savings were fully provided within year.

The Corporate Management Team’s financial management cycle includes an assessment of all the risks the council faces at the start of the year.

The Council has continued its commitment to improving internal financial controls. Resources have been strengthened and the improvements have been demonstrated through sound financial management and a tight monthly budget monitoring process.

We have ensured that the Council has maintained its prudent position in a number of risk areas by maintaining a healthy level of specific reserves. This is particularly important as we enter a period of continued economic uncertainty and likely retrenchment of government grants.

Our continued focus on Council Tax collection in 2010/11 has yielded an in-year collection of 95.9%. Cash management and debt collection will continue to be a key focus in 2011/11 to drive further value for the residents of the borough.

Looking ahead, the Council must plan to contain expenditure on demand led services if it is to sustain its strong position. Front line services will be restructured during 2011-12 following the restructure of support services in 2010-11. In addition the transactional hub will be established in April 2012 which will not only drive savings for the council but will safeguard local employment opportunities in Town and will attract future revenue streams.

The Housing Revenue Account (HRA) has a surplus of £6.9M at the end of the financial year. The Council is reviewing the HRA Strategic Business Plan in the light of the government decision made where we will buy back £127m of local housing stock in 2012-13.

These accounts see an additional write down of the Council's £2M investment in the Icelandic Bank Heritable. The Council continues to work with other local authorities to recover 100% of the outstanding sum.

The cost of servicing debt was kept within the prudential limits set by the Council for 2010/11 with the Councils borrowing costs at £8m. Debt restructuring allowed us to realise an underspend by taking advantage of historically low interest rates.

The Council has maintained its commitment to capital investment during the year and secured significant improvements to our town centre with the development of the new bus station, major infrastructure works to the main A4, alongside innovative improvements utilising existing assets to provide improved local facilities in Chalvey.

Asset management and a review of the council office accommodation made a major contribution to the budget savings and the application of innovative solutions in, this area, for example turning the Old Town Hall into a much needed primary school will continue to play a major role in the delivery of the savings

In summary these accounts present an authority in improved financial health. However 2012/13 will require further significant budget savings to continue this position. The Council still faces a series of significant financial risks particularly from demand-led budgets. The Council's Medium Term Financial Strategy indicates a further savings requirement of circa £9.5m. Early identification, planning and implementation of this next phase of cost cutting is essential and reflective of a prudent view of the current economic circumstances and the need for major reductions in public spending overall.

Pre Audit

(Draft)

STATEMENT OF ACCOUNTS

2010/11

Reserved for Auditors' Opinion

Reserved for Auditors' Opinion

Reserved for Auditor's Opinion

i. General Principles

The Statement of Accounts summarises the Council's transactions for the 2011/12 financial year and its position at the year end of 31 March 2011.

It has been prepared in accordance with the Accounts and Audit regulations and the Code of Practice on Local Authority Accounting in the United Kingdom 2010/11 and Best Value Accounting Code of Practice (BVACoP) 2010/11, supported by International Financial Reporting Standards (IFRS).

The BVACoP specifies the structure of the Service Expenditure analysis for use in the Income and Expenditure statements for consistent reporting over all Councils.

The accounting convention adopted is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

All statements and notes are rounded to the nearest £000.

ii. Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Fees, charges and rents due from customers are accounted for as income at the date the Council provides the relevant goods or services.
- Supplies are recorded as expenditure when they are consumed – where there is a gap between the date supplies are received and their consumption; they are carried as stocks on the balance sheet.
- Works are charged as expenditure when they are completed, before which they are carried as works in progress on the balance sheet.
- Interest payable on borrowings and receivable on investments is accounted for on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.
- Where income and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the balance sheet. Where it is doubtful that debts will be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

iii. Acquisitions and Discontinued Operations

If any operations are acquired or discontinued during the year assets and liabilities transferred are disclosed.

iv. Cash and Cash Equivalents

Cash is represented by cash in hand (cash at bank, cash overdrawn or imprest accounts). Cash equivalents are investments and deposits with financial institutions repayable either on demand or without penalty on notice of not more than 24 hours and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

vi. Prior Period Adjustments, Changes in Accounting Policies and Estimates and Errors

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of transactions, other events and conditions on the Council's financial position or financial performance.

Where a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

vii. Charges to Revenue for Non-Current Assets

Directorates are charged the cost of using non current assets in the provision of services during the year. This charge consists of the following amounts to record the cost of holding non current assets during the year:

- depreciation attributable to the assets used by the relevant service
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- amortisation of intangible fixed assets attributable to the service.

An adjusting transaction is made to ensure that these charges do not affect Council Tax.

viii. Employee Benefits

Benefits Payable During Employment

Short-term employee benefits include benefits such as wages and salaries, paid annual leave and paid sick leave, bonuses and non-monetary benefits (e.g. cars) for current employees and are recognised as an expense for services in the year. An accrual is made for the cost of holiday entitlements (or any form of leave, e.g. time off in lieu) earned by employees but not taken before the year-end which employees can carry forward into the next financial year. This amount is reversed out through the movement in reserves statement so that the accrual does not impact on Council tax.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy. The costs are charged on an accruals basis to the Service when the Council is demonstrably committed to the termination of the employment of an officer or group of officers or making an offer to encourage voluntary redundancy.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards.

Post Employment Benefits

Employees of the Council are members of two separate pension schemes:

- The Teachers' Pension Scheme, administered by Capita Teachers' Pensions on behalf of the Department for Education (DfE)

- The Berkshire Local Government Pensions Scheme, administered by Royal Borough of Windsor and Maidenhead.

Both schemes provided defined benefits to members (retirement lump sums and pensions), earned as employees worked for the Council.

For further details see notes 40 and 41.

ix. Events After the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue. Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period –the Statement of Accounts is adjusted to reflect such events
- those that are indicative of conditions that arose after the reporting period – the Statement of Accounts are not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation for issue are not reflected in the Statement of Accounts.

There have been no post balance sheet events that require disclosure for 2010/11.

x. Financial Instruments

Details are given in note 17 to the core accounts.

xii. Government Grants and Contributions

Whether paid on account, by instalments or in arrears, government grants and third party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- the Council will comply with the conditions attached to the payments, and
- the grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential embodied in the asset acquired using the grant or contribution are required to be consumed by the recipient as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund Balance in the Movement in Reserves Statement.

Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

<u>Area Based Grant</u>

Area Based Grant (ABG) is a general grant allocated by central government directly to local authorities as additional revenue funding. ABG is non-ring-fenced and is credited to Taxation and Non-Specific Grant Income in the Comprehensive Income and Expenditure Statement.

xiii. Intangible Assets

Expenditure on assets that do not have physical substance but are identifiable and controlled by the Council is capitalised when it will bring benefits to the Council for more than one financial year. Internally generated intangibles are not capitalised, but software licenses are. The balance is amortised to the relevant service revenue account over the economic life of the investment to reflect the pattern of consumption of benefits. This is on a straight line basis over 5 years.

xiv. Interests in Companies and Other Entities

The Council had material interests in companies and other entities that have the nature of subsidiaries, associates and jointly controlled entities and required it to prepare group accounts. This company was an Arms Length Management Organisation set up for managing and improving Slough's council housing. This was taken in house on 1st July 2010.

xv. Inventories and Long Term Contracts

Stocks are included in the Balance Sheet at the lower of cost and net realisable value. Nursery stocks are valued at half sale price. Long term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the value of works and services received under the contract during the financial year.

xvi. Investment Property

Investment properties are those that are used solely to earn rentals and/or for capital appreciation. The definition is not met if the property is used in any way to facilitate the delivery of services or production of goods or is held for sale. Investment properties are measured initially at cost and subsequently at fair value, based on the amount at which the asset could be exchanged between knowledgeable parties at arm's-length. Properties are not depreciated but are re-valued annually according to market conditions at the year-end.

Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain for the General Fund Balance. However, revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

xviii. Leases

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification. Arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets.

The Council as Lessee

Finance Leases

Property, plant and equipment held under finance leases is recognised on the Balance Sheet at the commencement of the lease at its fair value measured at the lease's inception (or the present value of the minimum lease payments, if lower). The asset recognised is matched by a liability for the obligation to pay the lessor. Initial direct costs of the Council are added to the carrying amount of the asset. Premiums paid on entry into a lease are applied to writing down the lease liability. Contingent rents are charged as expenses in the periods in which they are incurred. Lease payments are apportioned between:

- a charge for the acquisition of the interest in the property, plant or equipment – applied to write down the lease liability, and
- a finance charge (debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement). Property, Plant and Equipment recognised under finance leases is accounted for using the policies applied generally to such assets, subject to depreciation being charged over the lease term if this is shorter than the asset's estimated useful life (where ownership of the asset does not transfer to the Council at the end of the lease period).

The Council is not required to raise council tax to cover depreciation or revaluation and impairment losses arising on leased assets. Instead, a prudent annual contribution is made from revenue funds towards the deemed capital investment in accordance with statutory requirements. Depreciation and revaluation and impairment losses are therefore substituted by a revenue contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

Operating Leases

Rentals paid under operating leases are charged to the Comprehensive Income and Expenditure Statement as an expense of the services benefitting from use of the leased property, plant or equipment. Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a rent-free period at the commencement of the lease).

The Council as Lessor

Finance Leases

Where the Council grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the Council's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund Balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund Balance to the Capital Receipts Reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund Balance to the Deferred Capital Receipts Reserve in the Movement in Reserves Statement. [When the future rentals are received, the element for the capital receipt for the disposal of the asset is used to write down the lease debtor. At this point, the deferred capital receipts are transferred to the Capital Receipts Reserve].

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Operating Leases

Where the Council grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

xix. Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply or service in accordance with the costing principles of the CIPFA *Best Value Accounting Code of Practice 2010/11* (BVACOP). The total absorption costing principle is used – the full cost of overheads and support services are shared between users in proportion to the benefits received, with the exception of:

- Corporate and Democratic Core – costs relating to the Council's status as a multifunctional, democratic organisation.
- Non Distributed Costs – the cost of discretionary benefits awarded to employees retiring early and impairment losses chargeable on Assets Held for Sale.

These two cost categories are defined in BVACOP and accounted for as separate headings in the Comprehensive Income and Expenditure Statement, as part of Net Expenditure on Continuing Services.

xx. Property, Plant and Equipment

Property, Plant and Equipment are non-current assets that have physical substance and are held for use in the provision of services, for rental to others, or administrative purposes for more than one financial year.

Recognition

Expenditure on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably. Expenditure that secures but does not extend the previously assessed standard of performance of the asset (e.g. repairs and maintenance) is charged as an expense when it is incurred.

Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

The Council does not capitalise borrowing costs incurred whilst assets are under construction.

Assets are carried in the Balance Sheet using the following measurement bases:

- infrastructure, community assets and assets under construction – depreciated historical cost
- dwellings – fair value, determined using the basis of existing use value for social housing (EUV-SH)
- all other assets – fair value, determined as the amount that would be paid for the asset in its existing use (existing use value – EUV).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value. Where non-property assets that have short useful lives or low values (or both), depreciated historical cost basis (DRC) is used as a proxy for fair value.

Assets included in the Balance Sheet at fair value are re-valued where there have been material changes in the value, but as a minimum every five years. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains.

Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Statement where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)
- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Revaluation Reserve contains revaluation gains recognised since 1 April 2007 only, the date of its formal implementation. Gains arising before that date have been consolidated into the Capital Adjustment Account.

Depreciation

Depreciation is provided for a full year on all Property, Plant and Equipment assets (other than land and community assets) over their useful economic life, based on the carrying value at the start of the year. Subject to review for significant additions or changes in the valuations, depreciation is not adjusted for changes in the year.

Depreciation is calculated on the following bases:

- operational buildings – straight-line allocation over the useful life of the property, which varies between 1 and 35 years, as estimated by the valuer;
- housing stock is charged on the value of the buildings only over the useful life of dwellings which is estimated to 50 years on a straight line basis;
- vehicles, plant and equipment – depreciated on a straight line basis over 5 years;
- infrastructure – straight-line allocation over 40 years.

Where an item of Property, Plant and Equipment asset has major components with different estimated useful lives these are depreciated separately.

Depreciation is charged in the year of disposal.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

Impairment

Assets are assessed at each year-end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, they are accounted for by:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains)

- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line in the Comprehensive Income and Expenditure Statement.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised

Disposals and Non-current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is re-valued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. A proportion of receipts relating to housing disposals (75% for dwellings, 50% for land and other assets, net of statutory deductions and allowances) is payable to the Government. The balance of receipts is required to be credited to the Capital Receipts Reserve, and can then only be used for new capital investment [or set aside to reduce the Council's underlying need to borrow (the capital financing requirement). Receipts are appropriated to the Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

The proportion that is require to be paid over to Central Government as a “housing pooled capital receipts” is charged to the net operating cost section of the comprehensive income and expenditure account That charge is met from sums being transferred from the Useable Capital Receipts Reserve and credited to the Movement in Reserves Statement

Component Accounting

The 2010/11 Accounting Code of Practice introduced the following requirement that an authority shall account for depreciation of significant components of an asset.

The Council’s level of materiality has been set at £40,000. This will result in depreciation being charged for each individual item of capital expenditure with a value of £40,000 or more. The depreciation period will be dependent upon the estimated useful life of individual components.

xxi. Private Finance Initiative (PFI) and Similar Contracts

PFI and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the Council is deemed to control the services that are provided under its PFI schemes, and as ownership of the property, plant and equipment will pass to the Council at the end of the contracts for no additional charge. The Council carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

The Council has a PFI for the design, build and operation of three schools.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) was balanced by the recognition of a liability for amounts due to the scheme operator to pay for the assets.

Non current assets recognised on the Balance Sheet are re-valued and depreciated in the same way as property, plant and equipment owned by the Council.

The amounts payable to the PFI operators each year are analysed into five elements:

- fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement
- finance cost – interest is charged on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a finance lease)
- lifecycle replacement costs – proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out.

xxii. Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation. For instance, the Council may be involved in a court case that could eventually result in the making of a settlement or the payment of compensation.

Provisions are charged as an expense to the appropriate service line in the Comprehensive Income and Expenditure Statement in the year that the Council becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the Council settles the obligation.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Council. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

xxiii. Reserves

The Council sets aside specific amounts as reserves for future policy purposes or to cover contingencies . Reserves are created by appropriating amounts out of the General Fund Balance in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement. The reserve is then appropriated back into the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Certain reserves are kept to manage the accounting processes for non-current assets, financial instruments, retirement and employee benefits and do not represent usable resources for the Council – these reserves are explained in the relevant policies.

xxiv. Revenue Expenditure Funded from Capital under Statute

There is certain capital expenditure incurred during the year that is capitalised under statutory provisions but does not result in the creation of non-current assets. This is mainly expenditure on grants to third parties. This expenditure, although funded by capital resources, is charged as expenditure to the relevant service in the Comprehensive Income and Expenditure account in the year it is incurred.

To avoid an impact on the level of council tax this charge is reversed out the Statement of Movement on the General Fund Balance to the Capital Adjustment Account.

xxv. VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

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STATEMENT OF RESPONSIBILITIES

This is the statement by the Strategic Director of Resources & Regeneration that states the accounts are presented true and fair to reflect the financial position of the Authority. Also in this section are the signatures of the Chair and the Leader of the Council when the Statement of Accounts was approved.

APPROVAL OF THE STATEMENT OF ACCOUNTS

Members of the Council approved the Statement of Accounts on XXXXXX.

(for completion after audit)

Councillor Dhaliwal, Mayor

Chair of Meeting

Councillor Rob Anderson, Leader of the Council

THE AUTHORITY'S RESPONSIBILITIES

The Authority is required:

- To make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority that officer was the Strategic Director of Resources. Throughout 2010/11 that officer was Julie Evans.
- To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets.
- To approve the Statement of Accounts.

THE SECTION 151 OFFICER'S RESPONSIBILITIES

The Section 151 Officer is responsible for the preparation of the Authority's Statement of Accounts in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom (the Statement of Recommended of Practice).

I certify that in preparing this Statement of Accounts, I have:

- selected suitable accounting policies and then applied them consistently;
- made judgements and estimates that were reasonable and prudent;
- complied with the Local Authority Statement of Recommended Practice;
- kept proper accounting records which were up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that the Statement of Accounts set out on the following pages present a true and fair view of the financial position of the Authority as at 31st March 2011 and its income and expenditure for the year ended 31st March 2011.

Julie Evans, CPFA (Chartered Public Finance Accountant)
Strategic Director of Resources & Regeneration

Date: 30th June 2011

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THE CORE STATEMENTS

The core statements comprise of:

- The Comprehensive Income and Expenditure Account
- The Movement in Reserves
- Balance Sheet
- Cash Flow Statement

These follow on the next pages

THE COMPREHENSIVE INCOME & EXPENDITURE ACCOUNT

This statement shows the economic cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation. Authorities raise taxation to cover expenditure in accordance with regulations; this may be different from the accounting cost. The taxation position is shown in the movement in reserves statement.

	2009/10						Note		20010/11				
				Group*								Group*	
Exp	**Inc**	**Net**	**Exp**	**Inc**	**Net**			**Exp**	**Inc**	**Net**	**Exp**	**Inc**	**Net**
£000s	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**			**£000s**	**£000s**	**£000s**	**£000s**	**£000s**	**£000s**
48,817	(14,321)	34,496	48,817	(14,321)	34,496	Adult Social Care		46,626	(13,291)	33,335	46,626	(13,291)	33,335
15,848	(12,242)	3,606	15,848	(12,242)	3,606	Central Services to the Public		16,235	(13,062)	3,173	16,235	(13,062)	3,173
174,762	(138,463)	36,299	174,762	(138,463)	36,299	Children's and Education services		199,723	(170,555)	29,168	199,723	(170,555)	29,168
43,454	(8,366)	35,088	43,454	(8,366)	35,088	Cultural, Environmental, Regulatory and Planning		38,267	(9,810)	28,803	38,940	(10,137)	28,803
16,746	(3,507)	13,239	16,746	(3,507)	13,239	Highways and Transport		16,257	(4,375)	11,882	16,257	(4,375)	11,882
41,016	(30,313)	10,703	40,907	(30,246)	10,661	Local authority Housing (HRA)		127,994	(30,700)	97,294	127,758	(30,700)	97,058
75,356	(69,158)	6,198	75,356	(69,158)	6,198	Other Housing services		79,533	(70,625)	8,908	79,533	(70,625)	8,908
7,189	(757)	6,432	7,189	(757)	6,432	Corporate and Democratic Core		7,543	(779)	6,764	7,543	(779)	6,764
0	(1,381)	(1,381)	0	(1,381)	(1,381)	Exceptional Items	6	0	0	0	0	0	0
2,768	(6)	2,762	2,768	(6)	2,762	Non-Distributed Costs		1,352	(29,669)	(28,317)	1,352	(29,669)	(28,317)
425,956	**(278,514)**	**147,442**	**425,847**	**(278,446)**	**147,401**	**Cost Of Services***		**534,530**	**(342,865)**	**191,665**	**534,294**	**(342,865)**	**191,429**
						Other Operating Expenditure							
		234			234	Parish Council Precepts				264			264
		(67)			(67)	Trading Activities (surplus) deficit	45			117			117
		(3,503)			(3,503)	Gain or Loss on Disposal of Fixed Assets				(2589)			(2,589)
		1,013			1,013	Contribution to Housing Pooled Capital Receipts				1,343			1,343

2009/10							Note	20010/11					
				Group*								Group*	
Exp	Inc	Net	Exp	Inc	Net			Exp	Inc	Net	Exp	Inc	Net
£000s	£000s	£000s	£000s	£000s	£000s			£000s	£000s	£000s	£000s	£000s	£000s
						Financing and Investment Income and Expenditure							
		6,473			6,473	Interest Payable & Similar charges				8,023			8,023
		6,150			6,217	Pensions Interest and Expected Return	41			6,583			6,611
		(2,955)			(2,955)	Interest and Investment Income				(1,413)			(1,414)
		1,150			1,150	Income and Expenditure in relation to investment properties and changes in their fair value	14			(271)			(271)
						Taxation and Non-Specific Grant Income	10						
		(46,305)			(46,305)	Income from Council Tax				(47,470)			(47,470)
		(10,489)			(10,489)	General Government Grant (Revenue Support)				(7,197)			(7,197)
		(12,127)			(12,127)	Other Government Grants (non specific to Service)				(14,777)			(14,777)
		(45,445)			(45,445)	Distribution from the Non-Domestic Rate Pool				(49,560)			(49,560)
		(12,883)			(12,883)	Capital Grants and contributions				(32,533)			(32,533)
						Taxation							
		29,398			**28,710**	**Surplus or Deficit on Provision of Services**				**52,184**			**51,975**
		(5,694)			(5,694)	Surplus or deficit on revaluation of fixed assets				(21,611)			(21,611)
		75,010			76,812	Actuarial gains / losses on pension assets / liabilities				(48,850)			(48,850)
		69,316			**71,118**	**Other Comprehensive Income and Expenditure**				**(70,461)**			**(70,461)**
		98,714			**99,828**	**Total Comprehensive Income and Expenditure**				**(18,277)**			**(18,486)**

Group accounts include People 1st, part year 2010/11 - Refer to Note Acquired and Discontinued Operations note number 27

MOVEMENT IN RESERVES

This Statement shows the movement in the year on the different reserves held by the authority, analysed into 'usable reserves' (i.e. those that can be applied to fund expenditure or reduce local taxation) and other reserves. The 'Surplus or (deficit) on the provision of services' line shows the true economic cost of providing the authority's services, more details of which are shown in Comprehensive Income and Expenditure Statement. These are different from the statutory amounts required to be charges to the General Fund Balance and Housing Revenue Account for Council Tax setting and dwellings rent setting purposes. The 'Net increase /Decrease before transfers to earmarked reserves' line shows the statutory General Fund Balance and Housing Revenue Account Balance before any discretionary transfers to or from earmarked reserves undertaken by the Council.

Useable Reserves

2009/10

	General Fund Balance	School reserves	Earmarked GF Reserves	Housing Revenue Account	Capital Receipts Reserve
Balance at 31 March 2009	**5,135**	**9,174**	**16,106**	**7,106**	**4,015**
IFRS Adjustments	(1,233)	0	0	0	0
Restated Opening balance	3,902	9,174	16,106	7,106	4,015
Surplus or (deficit) on provision of services (accounting basis)	(28,704)	(592)	0	(12,767)	0
Other Comprehensive Expenditure and Income	0	0	0	0	0
Total Comprehensive Expenditure and Income	(28,704)	(592)	16,106	(12,767)	0
Adjustments between accounting basis & funding basis under regulations	28,445	0	0	14,669	31
Net Increase / Decrease before Transfers to Earmarked Reserves	**(259)**	**592**	**0**	**1,902**	**31**
Transfers to / from Earmarked Reserves	123	0	(123)	0	0
Increase / Decrease in Year	**(136)**	**595**	**(123)**	**1,902**	**31**
Balance at 31 March 2010	**3,766**	**9,766**	**15,983**	**9,008**	**4,046**

2010/11

	General Fund Balance	School reserves	Earmarked GF Reserves	Housing Revenue Account	Capital Receipts Reserve
Balance at 31 March 2010	**3,766**	**9,776**	**15,983**	**9,008**	**4,046**
Surplus or (deficit) on provision of services (accounting basis)	(46,510)	2,070	0	(98,485)	
Other Comprehensive Expenditure and Income		0	0	0	
Total Comprehensive Expenditure and Income	**(46,510)**	**2,070**	**15,983**	**(98,485)**	**4,046**
Adjustments between accounting basis & funding basis under regulations	(29,401)	0	0	99,007	1,955
Net Increase / Decrease before Transfers to Earmarked Reserves		**0**	**0**	**523**	
Transfers to / from Earmarked Reserves	(14,491)	2,070	5,198	0	(2,171)
Increase / Decrease in Year	**2,618**	**2,070**	**5,198**	**523**	**(216)**
Balance at 31 March 2011	**6,384**	**11,836**	**21,181**	**9,531**	**3,830**

THE BALANCE SHEET

The Balance Sheet shows the value as at the Balance Sheet date of the asset and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by he authority. Reserves are reported in two categories. The first category of reserves are usable reserves, i.e. those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the capital receipts reserve that may only be used to fund capital expenditure or repay debt). The second categories of reserves are those that the authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the revaluation reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

	Note no.	01 Apr 09	31 Mar 10	31 Mar 11
		£000s	£000s	£000s
Council Dwellings	11,12	407,043	404,971	310,111
Other Land & Buildings	11,12	182,469	182,582	192,627
Vehicles, plant & Equipment	11,12	20,471	16,660	14,069
Infrastructure Assets	11,12	40,790	44,578	47,752
Community Assets	11,12	2,222	2,723	4,550
Assets under Construction	11,12	14,679	25,354	51,698
Surplus Assets held for disposal	11,12	12,347	2,318	9,790
Total Property, Plant and Equipment		**680,021**	**679,186**	**630,597**
Investment Properties	11,12	15,559	7,839	2,758
Intangible Assets	15	107	40	149
Long Term Investments		17,071	3,887	353
Long Term Debtors		8,355	8,445	7,965
Long Term Assets		**721,113**	**699,397**	**641,822**
Short Term Investments		76,130	60,800	42,551
Assets held for sale		0	10,808	4,717
Inventories		120	139	26
Short Term Debtors	19	21,044	27,847	21,565
Cash and Cash Equivalents	20	17,938	20,594	44,311
Current Assets		**115,232**	**120,188**	**113,170**
Bank Overdraft		(6,281)	(5,145)	(3,563)
Short Term Borrowing		(3,876)	(1,155)	(757)
Short Term Creditors	21	(53,271)	(61,453)	(52,649)
Current Liabilities		**(63,428)**	**(67,753)**	**(56,969)**
Provisions	22	(6,302)	(5,535)	(5,857)
Long Term Borrowing		(68,541)	(68,282)	(66,557)
Retirement Benefit Liabilities	40,41	(84,046)	(165,320)	(96,984)
Deferred Liabilities		(59,188)	(56,541)	(53,954)
Capital Grants Receipts in Advance		(10)	(38)	(38)
Long Term Liabilities		**(218,087)**	**(295,716)**	**(223,390)**
Net Assets		**554,830**	**456,116**	**474,633**

	Note no.	01 Apr 09	31 Mar 10	31 Mar 11
		£000s	£000s	£000s
Usable Reserves				
General Fund		(5,135)	(3,766)	(6,384)
School reserves		(9,174)	(9,766)	(11,386)
Earmarked Reserves		(16,606)	(15,983)	(21,181)
Housing Revenue Account		(7,106)	(9,008)	(9,531)
Useable Capital Receipt Reserve		(4,015)	(4,046)	(3.830)
Capital Grants Unapplied		(7,949)	(4,858)	(22,844)
Major Repairs Reserve		0	(1,040)	(1,510)
Total Usable reserves		**49,485**	**56,416**	**77,116**
Unusable Reserves				
Deferred Capital receipts		(176)	(129)	(129)
Capital Adjustment Account		(573,384)	(544,399)	(466,885)
Financial Instruments Adjustment Account		3,445	2,105	5,190
Collection Fund Adjustment Account		(373)	17	(42)
Revaluation Reserve		(23,591)	(26,966)	(36,497)
Available-for-sale Financial Instruments Reserve		0	0	0
Pensions Reserve		84,046	165,320	97,060
Employee Benefit Adjust Account		4,688	4,352	3,786
Total Unusable Reserves	**23**	**505,345**	**399,700**	**397,517**
Total Reserves		**554,830**	**456,116**	**474,633**

Segmental Reporting

The analysis of income and expenditure by service on the face of the Comprehensive Income and Expenditure Statement is that specified by the Best Value Accounting Code of Practice. However, decisions about resource allocation are taken by the Authority's Cabinet on the basis of budget reports analysed across directorates. These reports are prepared on a different basis from the accounting policies used in the financial statements. In particular: no charges are made in relation to capital expenditure (whereas depreciation, revaluation and impairment losses in excess of the balance on the Revaluation Reserve and amortisations are charged to services in the Comprehensive Income and Expenditure Statement), the cost of retirement benefits is based on cash flows (payment of employer's pensions contributions) rather than current service cost of benefits accrued in the year and expenditure on some support services is budgeted for centrally and not charged to services

2009/10	**Education & Children**	**Community & Wellbeing**	**Green & Built**	**Central Directorates**	**Corporate**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Fees, charges & other service income	(11,626)	(13,091)	(9,498)	(4,969)	**(1,598)**	**(40,782)**
Government grants	(126,656)	(5,732)	(3,707)	(72,419)	**(19)**	**(208,533)**
Total Income	**(138,282)**	**(18,823)**	**(13,205)**	**(77,388)**	**(1,617)**	**(249,315)**
Employee expenses	110,321	16,342	10,361	20,769	**83**	**157,876**
Other operating expenses	51,377	36,930	29,917	81,790	**31**	**200,045**
Total operating expenses	**161,698**	**53,272**	**40,278**	**102,559**	**114**	**357,921**
Cost of Services	**23,416**	**34,449**	**27,073**	**25,171**	**(1,503)**	**108,606**

2010/11	**Education & Children**	**Community & Wellbeing**	**Green & Built**	**Central Directorates**	**Corporate**	**Total**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Fees, charges & other service income	(17,817)	(6,881)	(9,746)	(4,906)	(513)	**(39,863)**
Government grants	(152,780)	(7,760)	(5,332)	(79,514)	0	**(245,386)**
Total Income	**(170,597)**	**(14,641)**	**(15,078)**	**(84,420)**	**(513)**	**(285,249)**
Employee expenses	115,794	14,611	10,872	20,818	71	**162,166**
Other operating expenses	70,883	36,427	27,731	85,506	24	**220,571**
Total operating expenses	**186,677**	**51,038**	**38,603**	**106,324**	**95**	**382,737**
Cost of Services	**16,080**	**36,397**	**23,525**	**21,904**	**(418)**	**97,488**

Reconciliation to Net Cost of Services in Comprehensive Income and Expenditure Statement

	2009/10 £000	2010/11 £000
Cost of Services in Service Analysis	**108,606**	**97,488**
Housing Revenue Account	11,839	97,499
Insurance Trading Account	(148)	(91)
IFRS Adjustments	3,339	1,679
Allocation of Recharges	22,640	(4,910)
Net Cost of Services in Comprehensive Income and Expenditure Statement	**145,336**	**191,665**

2009/10

Reconciliation to Subjective Analysis	**Service Analysis**	**HRA**	**Insurance Trading Account**	**IFRS adjustments**	**Allocation of Recharges**	**Net Cost of Services**
	£000	**£000**	**£000**	**£000**	**£000**	**£000**
Fees, charges & other service income	(40,782)	(30,792)	(1,326)	0	(31,895)	**(104,795)**
Interest and Investment income	0	0	0	(51)		**(51)**
Government grants and contributions	(208,533)	0	0	3,786	0	**(204,747)**
Total Income	**(249,315)**	**(30,792)**	**(1,326)**	**3,786**	**(31,895)**	**(309,593)**
Employee expenses	157,876	8,993		0	383	**166,916**
Other service expenses	200,045	12,853	1,178	0	388	**214,464**
Support Service recharges	0	209	0	0	31,720	**31,929**
Depreciation, amortisation and impairment	0	20,576	0	0	22,044	**42,620**
Total operating expenses	**357,921**	**42,631**	**1,178**	**0**	**54,535**	**455,929**
Surplus or deficit on the provision of services	**108,606**	**11,839**	**(148)**	**3,786**	**22,640**	**146,336**

2010/11

Reconciliation to Subjective Analysis	Service Analysis	HRA	Insurance Trading Account	IFRS adjust	Allocation of Recharges	Net Cost of Services
	£000	£000	£000	£000	£000	£000
Fees, charges & other service income	(39,863)	(30,700)	(788)	654	(29,423)	(100,120)
Government grants and contributions	(245,386)	0	0	1,025	0	(244,361)
Total Income	**(285,249)**	**(30,700)**	**(788)**	**1,679**	**(29,423)**	**(344,481)**
Employee expenses	162,166	7,926	0	0	(26,657)	143,435
Other service expenses	220,571	13,440	697	0	163	234,871
Support Service recharges	0	205	0	0	29,171	29,376
Depreciation, amortisation and impairment	0	106,628	0	0	21,836	128,464
Total operating expenses	**382,737**	**128,199**	**697**	**0**	**24,513**	**536,146**
Surplus or deficit on the provision of services	**97,488**	**97,499**	**(91)**	**1,679**	**(4,910)**	**191,665**

CASH FLOW STATEMENT

The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the authority.

2009/10 £000		**2010/11 £000**
(29,398)	Net surplus or (deficit) on the provision of services	51,975
42,413	Adjustment to surplus or deficit on the provision of services for noncash movements	29,161
(17,741)	Adjust for items included in the net surplus or deficit on the provision of services that are investing and financing activities	(40,196)
3014	Net Cash flows from operating activities (note 23)	5,321
7,895	Net Cash flows from Investing Activities (note 24)	(24,202)
4,024	Net Cash flows from Financing Activities (note 25)	3,240
10,207	Net increase or decrease in cash and cash equivalents	25,299
5,242	Cash and cash equivalents at the beginning of the reporting period	15,449
15,449	Cash and cash equivalents at the end of the reporting period (note)	40,748

NOTES TO THE CORE STATEMENTS

1. Main Changes to Accounting Policies

The key accounting policy changes impacting on the Council are outlined below:

PROPERTY, PLANT AND EQUIPMENT

Component accounting

IFRS places a greater emphasis on component accounting. Where components of an asset are significant in value in relation to the total value of the asset as a whole, and they have substantially different economic lives, they should be recognised separately. An example of this would be the differentiation of land and buildings where traditionally these might have been valued as one.

There is no requirement to apply these changes retrospectively and instead components should be recognised separately as and when they are replaced.

Investment Property

There is now a much stricter definition of the assets that qualify as investment properties. Only assets that are solely held for rental income or capital appreciation are now classified as Investment Properties.

These assets are not depreciated and any gains or losses on revaluation are recognised in the Comprehensive Income & Expenditure Statement rather than the Revaluation Reserve as previously

Investment properties are initially measured at cost and thereafter at market value.

Non-Current Assets Held For Sale

IFRS introduces a new classification of non-current assets called assets held for sale.

Assets meeting this classification are those where the value of the asset will be recovered mainly by selling the asset rather than through usage.

To be classed as being held for sale the asset must meet the following criteria:-

- Be available for immediate sale in its present condition.
- Its sale must be highly probable.
- Management expect the sale to take place within twelve months.

Assets held for sale are to be valued at the lower of their existing balance sheet value or their estimated sale price less costs to sell.

Revaluation Losses

Where Revaluation gains take place that reverse any previous revaluation losses charged to the Comprehensive Income & Expenditure Statement, the revaluation gains are taken to the Comprehensive Income and Expenditure Statement rather than the Revaluation Reserve.

Government and Grants & Other Capital Contributions

Previously grants were held on the Balance Sheet as Receipts in Advance until they were utilised by the Council. However under the Code this policy has been revised and grants that have no conditions attached to them are recognised as income when they are receivable. The grants are then held in a reserve until they are used. Where grants do have conditions they continue to be held as liabilities on the Balance Sheet until the conditions have been fulfilled, at which point they are treated as above.

In addition the Government Grants Deferred account in the Balance Sheet has been eliminated as a result of all grants being recognised as income in full once all conditions have been fulfilled. As a result that account does not need to be amortised periodically to the Comprehensive Income & Expenditure Statement.

Leases

Where a lease covers both land and buildings, the land and buildings elements are considered separately for classification.

In addition arrangements that do not have the legal status of a lease but convey a right to use an asset in return for payment are accounted for under this policy where fulfilment of the arrangement is dependent on the use of specific assets

Embedded Leases within Contracts

This is a variation of the Leases policy stated above.

IFRS (IFIC 4) requires the Council to identify any instances where there are contracts in place to provide a service to the Council and consider whether there are any embedded leases within these contracts.

For example, the delivery of a specific service to the Council may require that the contractor uses a specific asset (such as a vehicle).

Where such instances are identified the Council is required to identify the element of the contractual payments made in respect of these assets and to account for these as a finance lease, if applicable, as described above.

Employee Benefits (NEW)

A new requirement under IFRS is that the Council must make an accrual in its accounts at year end for any annual leave and flexible working entitlement earned but not taken by employees at the end of the financial year – to the extent that employees are permitted to carry forward annual leave and flexitime to the following year.

Recent regulations state that changes to the financial reporting standards must not have a financial impact upon the General Fund (and therefore the taxpayer) and so to mitigate this accrual a corresponding entry will be made to a newly-created reserve, the Accumulated Absences Account.

Accumulated Absences Account

As noted above this reserve will contain the corresponding entry made to the Comprehensive Income and Expenditure Account in respect of employee leave and absences accrued but not taken at the year-end.

In effect this will mean that any cost charged to services will be reversed through the Comprehensive Income and Expenditure Account and charged to this balance sheet reserve.

Operating Segments

The Code requires that authorities analyse the financial performance of their operations in the Comprehensive Income and Expenditure Statement using the service analysis included in the Best Value Accounting Code of Practice. The intention is secure consistency of reporting across all authorities.

However, it may be more relevant to review financial performance according to how the authority has been managed, with information corresponding with that used by management in making decisions. Consequently, the Code adopts the provisions of IFRS 8 Operating Segments to require notes to the accounts showing income and expenditure according to the divisions and accounting policies used in the management of the authority.

Cash and Cash Equivalents

In previous years the Council has accounted for all cash invested as Investments on the balance sheet.

Under IFRS, the council's policy is for Cash to be represented by cash in hand (cash at bank, cash overdrawn or imprest accounts). Cash equivalents are investments and deposits with financial institutions repayable either on demand or without penalty on notice of not more than 24 hours and that are readily convertible to known amounts of cash with insignificant risk of change in value.

2. ACCOUNTING STANDARDS ISSUED, NOT ADOPTED

The Code of Practice on Local Authority Accounting in the United Kingdom 2011/12 (the Code) has introduced a change in accounting policy in relation to the treatment of Heritage Assets held by the Council, which will need to be adopted fully by the Council in the 2011/12 financial statements.

The new standard will require that a new class of asset, Heritage Assets, is disclosed separately on the face of the Council's Balance Sheet in the 2011/12 financial statements.

Heritage Assets are assets that are held by the Council principally for their contribution to knowledge or culture. The Council has no heritage assets.

3. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

In applying the accounting policies , the Authority has had to make certain judgements about complex transactions or those involving uncertainty about future events.

The critical judgements made in the Statement of Accounts are:

- There is a high degree of uncertainty about future levels of funding for local government. However, the Authority has determined that this uncertainty is not yet sufficient to provide an indication that the assets of the Authority might be impaired as a result of a need to close facilities and reduce levels of service provision.

- The Authority has £2.5m deposited with Heritable Bank which is in administration. The Administrators latest report dated 11th May 2011 projects a base case return of between 79% and 85% and as a result the Council has reassessed the value of recoverable amount.

- The Council is a trustee of Slough Community Leisure trust a not for profit organisation that operates the leisure centres owned by the Council. The agreement between the Council is set to run until 31st May 2017. It has been determined that the Council does not have control of the Trust and it is not an associate of the Authority.

4. IFRS RESTATEMENT

The Statement of Accounts for 2010/11 is the first to be prepared on an IFRS basis. Adoption of the IFRS based Code has resulted in the restatement of various balances and transactions, with the result that some amounts presented in the financial statements are different from the equivalent figures presented in the Statement of Accounts for 2009/10.

The following tables explain the material differences between the amounts presented in the 2009/10 financial statements and the equivalent amounts presented in the 2010/11 financial statements.

The opening and closing 2009/10 Balance sheet figures are shown below. Details are described in each section.

Category	Opening Balance as published in 2009/10 Accounts	2008/09 IFRS adjustments	Restated opening Balance	2009/10 Closing Balance	2009/10 IFRS Adjustments	Restated 2009/10 Balance Sheet	Ref:
Property, Plant and Equipment							
Council Dwellings	407,043		407,043	404,971		404,971	
Other Land & Buildings	174,281	8,187	182,468	171,347	3,047	182,581.00	1,2
Vehicles, Plant & Equipment	14,191	6,280	20,471	11,607	(1,227)	16,660	1
Infrastructure Assets	40,790		40,790	44,578		44,578	
Community Assets	2,222		2,222	2,723		2,723	
Surplus Assets	12,347	0	12,347	0	2,318	2,318	2
Assets under Construction	14,679		14,679	25,075	279	25,354	2
Total Property, Plant and Equipment	**665,553**	**14,467**	**680,020**	**660,301**	**4,417**	**679,185**	
Investment Properties	15,559	0	15,559	14,457	(6,618)	7,839	1,2
Intangible Assets	107		107	40		40	
Long Term Investments	17,071		17,071	3,887		3,887	
Long Term Debtors	275	8,080	8,355	365		8,445	1
Long Term Assets	**698,565**	**22,547**	**721,112**	**679,050**	**(2,201)**	**699,396**	
Short Term Investments	85,663	(9,533)	76,130	71,007	(674)	60,800	3
Assets held for sale (Short Term)	0		0	10,808		10,808	
Inventories (Stocks & Work in Progress)	120		120	139		139	
Short Term Debtors	21,044		21,044	27,847		27,847	
Cash and Cash Equivalents	8,405	9,533	17,938	10,387	674	20,594	3
			0			0	
Total Current Assets:	**115,232**	**0**	**115,232**	**120,188**	**0**	**120,188**	
Bank Overdraft	(6,281)		(6,281)	(5,145)		(5,145)	
Short Term Borrowing	(3,876)		(3,876)	(1,155)		(1,155)	
Short Term Creditors	(49,728)	(3,543)	(53,271)	(57,222)	(688)	(61,453)	1,4,6

Category	Opening Balance as published in 2009/10 Accounts	2008/09 IFRS adjustments	Restated opening Balance	2009/10 Closing Balance	2009/10 IFRS Adjustments	Restated 2009/10 Balance Sheet	Ref:
Short Term Provisions	(6,302)		(6,302)	(5,535)		(5,535)	
Total Current Liabilities:	**(66,187)**	**(3,543)**	**(69,730)**	**(69,057)**	**(688)**	**(73,288)**	
Long Term Borrowing	(68,541)		(68,541)	(68,282)		(68,282)	
Retirement Benefit Liabilities	(84,046)		(84,046)	(165,320)		(165,320)	
Deferred Liabilities	(42,801)	(16,387)	(59,188)	(41,841)	1,687	(56,541)	1
Capital Grants Receipts in Advance	0	(10)	(10)		(28)	(38)	5
Government Grants Deferred	(54,061)	54,061	0	(66,234)	12,173	0	5
Total Long Term Liabilities	**(249,449)**	**37,665**	**(211,784)**	**(341,677)**	**13,832**	**(290,180)**	
						0	
Net Assets	**498,161**	**56,669**	**554,830**	**388,504**	**10,943**	**456,116**	
						0	
Usable reserves:						0	
General Fund	(5,135)		(5,135)	(5,388)	1,622	(3,766)	1
School Reserves	(9,174)		(9,174)	(9,766)		(9,766)	
Earmarked Reserves	(13,339)	(2,767)	(16,106)	(12,553)	(663)	(15,983)	6
Housing Revenue Account (HRA)	(7,106)		(7,106)	(9,008)		(9,008)	
Capital Receipts Reserve	(4,015)		(4,015)	(4,046)		(4,046)	
Major Repairs Reserve	0		0	(1,040)		(1,040)	
Capital Grants Unapplied	0	(7,949)	(7,949)		(4,858)	(12,807)	5
Total Useable Reserves	**(38,769)**	**(10,716)**	**(49,485)**	**(41,801)**	**(3,899)**	**(56,416)**	
						0	
Unusable Reserves:						0	
Deferred Credits	(176)		(176)	(129)		(129)	
Revaluation Reserve	(24,915)	1,324	(23,591)	(30,330)	2,040	(26,966)	1

Category	Opening Balance as published in 2009/10 Accounts	2008/09 IFRS adjustments	Restated opening Balance	2009/10 Closing Balance	2009/10 IFRS Adjustments	Restated 2009/10 Balance Sheet	Ref:
Capital Adjustment Account	(521,419)	(51,965)	(573,384)	(483,686)	(8,748)	(544,399)	1,5
Financial Instruments Adjustment Account	3,445		3,445	2,105		2,105	
Pensions reserve	84,046		84,046	165,320		165,320	
Collection Fund Adjustment Account	(373)		(373)	17		17	
Accumulated Absences Account	0	4,688	4,688		(336)	4,352	4
Total Unuseable Reserves	**(459,392)**	**(45,953)**	**(505,345)**	**(346,703)**	**(7,044)**	**(399,700)**	
			0			0	
Total Reserves	**(498,161)**	**(56,669)**	**(554,830)**	**(388,504)**	**(10,943)**	**(456,116)**	

1 Leases
2 Revaluation of Investment Properties
3 Cash Equivalents
4 Employee Benefits
5 Capital grants
6 Revenue Grants

Short-term accumulating compensated absences

Employees build up an entitlement to paid holidays as they work. Under the Code, the cost of providing holidays and similar benefits is required to be recognised when employees render services that increase their entitlement to future compensated absences. As a result, the council is required to accrue for any annual leave earned but not taken at 31 March each year. Under the previous accounting arrangements, no such accrual was required.

Short-term accumulating compensated absences refers to benefits that employees receive as part of their contract of employment, entitlement to which is built up as they provide services to the council. The most significant benefit covered by this heading is holiday pay.

The government has issued regulations that mean local authorities are only required to fund holiday pay and similar benefits when they are used, rather than when employees earn the benefits. Amounts are transferred to the Accumulated Absences Account until the benefits are used. Therefore there is no effect on Council tax.

Accruing for short-term accumulating compensated absences has resulted in the following changes being made to the 2009/10 financial statements:

Opening 1 April 2009 Balance Sheet

	2009/10 Statements £000	Adjustments Made £000
Short Term Creditors	(49,728)	(4,688)
Accumulated Absences Account	0	4,688
31st March 2010 Balance Sheet		
Short Term Creditors	(57,222)	336
Accumulated Absences Account	0	(336)

2009/10 Comprehensive Income and Expenditure Statement

	2009/10 Statements £000	Adjustments Made £000
Adult Social Care	34,374	(57)
Central Services to the Public	3,690	(84)
Education and Children's services	33,871	176
Cultural, Environmental, Regulatory and Planning	33,183	(176)
Highways and Transport	12,981	8
Other Housing services	6,176	(57)
Corporate and Democratic Core	6,555	(123)
Non-Distributed Costs	2,785	(23)
	133,615	(336)

Prior to 2009/10 non schools employee's annual leave year ended at the employee's anniversary of their start date. From 2009/10 the leave year ended at 31st March. This has resulted in credits (reversal of previous year's accruals) on the Comprehensive Income and Expenditure Account for non schools services. Teachers leave is earned on a term by term basis and not annually, therefore at the balance sheet date of 31st March an accrual is needed.

Lessors

Under the Code, leases of property are accounted for as separate leases of land and buildings. Previously, each property lease would have been accounted for as a single lease. The change in accounting treatment can result in the land or buildings element of the lease being accounted for as an operating lease where it was previously treated as a finance lease; or as a finance lease where it was previously treated as an operating lease.

The government has issued regulations and statutory guidance in relation to accounting for leases. Under these arrangements, the annual charge to the General Fund (where the council is the lessee) will be unchanged. Where the council is the lessor, the regulations allow the council to continue to treat the income from existing leases in the same way as it accounted for the income prior to the introduction of the Code.

The council has 10 property leases where the accounting treatment has changed following the introduction of the Code.

As a consequence of classifying the buildings element of the lease as a finance lease, the financial statements have been amended as follows:

The council has recognised an asset (the building) and a finance lease liability.

The operating lease charge within Services has been reduced by the amount that relates to the buildings element of the lease payments.

A depreciation charge has been included within Services.

The depreciation charge has been transferred from the General Fund to the Capital Adjustment Account. These transfers are reflected in the balance sheets as at 1 April 2009 and 31 March 2010, and the adjustments that relate to 2009/10 are reported in the Movement in Reserves Statement for the year.

The interest element of the lease payment in respect of the buildings element is charged to the Financing and Investment income and expenditure line in Surplus or Deficit on the Provision of Services.

Opening 1 April 2009 Balance Sheet

	2009/10 Statements £000	Adjustments Made £000
Property, plant and equipment (leased assets) - Other Land and Buildings	174,281	*(3,541)*
Vehicles, Plant & Equipment	14,191	*6,280*
Long Term Debtors	275	*8,080*
Capital Adjustment Account	(521,419)	*(5,863)*
Revaluation Reserve	(24,915)	*1,324*

Lessee

Under the Code, leases of property are accounted for as separate leases of land and buildings. Previously, each property lease would have been accounted for as a single lease. The change in accounting treatment can result in the land or buildings element of the lease being accounted for as an operating lease where it was previously treated as a finance lease; or as a finance lease where it was previously treated as an operating lease.

The government has issued regulations and statutory guidance in relation to accounting for leases. Under these arrangements, the annual charge to the General Fund (where the council is the lessee) will be unchanged. Where the council is the lessor, the regulations allow the council to continue to treat the income from existing leases in the same way as it accounted for the income prior to the introduction of the Code.

The council has 5 property leases and Slough Enterprise vehicle leases where the accounting treatment has changed following the introduction of the Code.

As a consequence of classifying the buildings element of the lease as a finance lease, the financial statements have been amended as follows:

The council has recognised an asset (the building) and a deferred liability

The General Fund has been charged with the Minimum Revenue Provision (with the credit being made to the Capital Adjustment Account).

Opening 1 April 2009 Balance Sheet

	2009/10 Statements £000	Adjustments Made £000
Property, Plant and Equipment (leased assets) - Other Land and Buildings	174,281	11,729
Vehicles, Plant & Equipment	11,607	6,280
Creditors	(57,222)	(1,622)
Deferred Liability	(42,801)	(16387)
31st March 2010 Balance Sheet		
Property, Plant and Equipment (leased assets) - Other Land and Buildings/Vehicles	171,347	974
Deferred Liability	(41,841)	(1,227)
Creditors	(57,222)	(1,687)
General Fund Balance	(5,388)	1,622
Capital Adjustment Account	(483,686)	579)

Government Grants

Under the Code, grants and contributions for capital schemes are recognised as income when they become receivable. Previously, grants were held in a grants deferred account and recognised as income over the life of the assets which they were used to fund.

As a consequence of adopting the accounting policy required by the Code, the financial statements have been amended as follows:

The balance on the Government Grants Deferred Account at 31 March 2009 has been transferred to the Capital Adjustment Account and Capital Grants Unapplied Account in the opening 1 April 2009 Balance Sheet.

Portions of government grants deferred were previously recognised as income in 2009/10; these have been removed from the Comprehensive Income and Expenditure Statement in the comparative figures.

£12,134k of grant was received in 2009/10 but not used. Previously, no income was recognised in respect of this grant, which was shown in the Grants Unapplied Account within the Liabilities section of the Balance Sheet. Following the change in accounting

2009/10 IFRS Restated Balance Sheet

	2009/10 Opening Statement £000	Adjustments Made £000	2009/10 Closing Statement £000	Adjustments Made £000	2009/10 IFRS Restated Statement £000
Short Term Creditors	0	1,283	1,283	0	1,283
Government Grants Deferred Account	(54,061)	41,888	(12,173)	12,172	(0)
Capital Grants Receipts in Advance	0	(10)	(10)	(28)	(38)
Capital Grants Unapplied	0	(9,232)	(9,232)	(4,858)	(14,090)
Capital Adjustment Account	0	(46,103)	(46,103)	(7,286)	(53,389)

Revenue Grants are recognised in the Comprehensive Income and Expenditure Account as soon the Grant Conditions have been met (immediately if there are no Grant Conditions). Revenue Grants should only be shown as a liability on the Balance Sheet where conditions have not yet been met. Where conditions have been met, and part of the grant remains unspent, this amount is appropriated to a reserve on the Balance Sheet via the Movement in Reserves statement.

A review of grants has been carried out and the following adjusts made:

Opening 1 April 2009 Balance Sheet

	2009/10 Statements £000	Adjustments Made £000
Creditors/Receipts in Advance	(49,728)	2,767
Earmarked Reserves	(13,339)	(2,767)
31st March 2010 Balance Sheet		
Creditors/Receipts in Advance	(57,222)	663
Earmarked Reserves	(12,553)	(663)

Cash and Cash Equivalents

2009/10 IFRS Restated Balance Sheet

	2009/10 Opening Statement £000	Adjustments Made £000	2009/10 Revised Opening Statement £000
Short Term Investments	85,663	(9,533)	76,130
Cash and Cash Equivalents	8,405	(9,533)	17,938

	2009/10 Closing Statement £000	Adjustments Made £000	2009/10 Revised Closing Statement £000
Short Term Investments	71,007	(10,207)	60,800
Cash and Cash Equivalents	10,387	10,207	20,594

5. ASSUMPTIONS MADE ABOUT THE FUTURE AND OTHER MAJOR SOURCES OF ESTIMATION UNCERTAINTY

Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Authority about the future or that are otherwise uncertain. Estimates are made taking into account historical experience, current trends and other relevant factors. However, because balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Authority's Balance Sheet at 31 March 2011 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

Item	Uncertainties	Effect if actual result differ from assumptions
Pensions Liability	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. A firm of consulting actuaries is engaged to provide the Authority with expert advice about the assumptions to be applied.	The effects on the net pension's liability of changes in individual assumptions can be measured. For instance, a 0.5% increase in the discount rate assumption would result in a decrease in the pension liability of £33.5m. However, the assumptions interact in complex ways. During 2010/11, the Authority's actuaries advised that the net pension's liability had decreased by £21.5m as a result of estimates being corrected as a result of experience and decreased by £39.5m attributable to updating of the assumptions.
Arrears	At 31 March 2011, the Authority had a balance of sundry debtors for £22.1m. A review of significant balances suggested that an impairment of doubtful debts of 68% (£15m) was appropriate. However, in the current economic climate it is not certain that such an allowance would be sufficient.	If an impairment of doubtful sundry debtors of 73% was required, this would require an additional £1.1m to set aside as an allowance.

6. Material Items of Income And Expenditure (Exceptional Items)

The council had no exceptional items during 2010/11.

7. Events After the balance Sheet Date

As part of our Medium Term Financial and Planning for the Future Strategies, the corporate management team, together with members, made the decision to demolish the 1970s part of the Town Hall in order to make significant financial savings and at the same time improve services to residents. The cost saving will derive from savings on business rates, energy, cleaning and other general running costs and this is estimated at a minimum of £633,000 per annum saving.

The building ceased to be operational in May 2011.

8. ADJUSTMENTS BETWEEN ACCOUNTING BASIS AND FUNDING BASIS UNDER REGULATIONS

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Authority in the year in accordance with proper accounting practice to the resources that are specified by statutory provisions as being available to the Authority to meet future capital and revenue expenditure

Useable Reserve

2009/10

	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Usable Reserves	Unusable Reserves
	£000	**£000**	**£000**	**£000**	**£000**
Adjustments primarily involving the Capital Adjustment Account					
Charges for depreciation and impairment of non current assets	(36,596)	(14,859)		51,455	
Revaluation losses on Property, Plant and Equipment					
Movements in the market value of Investment Properties	2,040				(2,040)
Amortisation of Intangible assets	(68)				68
Capital Grants and contributions applied	7,287				(7,2870
Movement in Donated Assets Account					
Revenue expenditure funded from capital under statute	(6,115)				6,115
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	2,818	1,818			(4,636)
Statutory provision for the financing of capital investment	1,228	1,372			(2,600)
Capital expenditure charged against the General Fund	1,584				1,584
Adjustments primarily involving the Capital Grants Unapplied Account:					
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	4,858				(4,858)
Adjustments primarily involving the Capital Receipts Reserve:					
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	1,850	(2,091)	(1,850)		2,091
Use of the Capital Receipts Reserve to finance new capital expenditure		(858)	858		
Contribution from the Capital Receipts Reserve to finance the payments to the Government capital receipts pool.	(1,013)		1,013		
Adjustments primarily involving the Pensions Reserve:					
Employer's pensions contributions and direct payments to pensioners payable in the year	(6,264)	(52)			6,316

	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve	Usable Reserves	Unusable Reserves
Adjustments primarily involving the Collection Fund Adjustment Account:					
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(390)				390
Adjustment primarily involving the Accumulated Absences Account:					
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from that charged in the year in accordance with statutory requirements	336				(336)
Total Adjustments	(28,445)	(14,670)	21		46,262

2010/11

	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve
	£000	£000	£000
Adjustments primarily involving the Capital Adjustment Account			
Reversal of items debited or credited to the Comprehensive Income and Expenditure Statement:	(16,311)		
Charges for depreciation and impairment of non current assets	(1,125)	(101,126)	
Movements in the market value of Investment Properties	271		
Amortisation of Intangible assets	(52)		
Capital Grants and contributions applied	24,171		
Revenue expenditure funded from capital under statute	(4,505)		
Statutory provision for the financing of capital investment	2,948	216	
Capital expenditure charged against the General Fund and HRA balances	1,222	1,500	
Adjustments primarily involving the Capital Grants Unapplied Account			
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	8.623		
Adjustments primarily involving the Capital Receipts Reserve			
Transfer of cash sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	3,268	2,181	(5,449)
Use of the Capital Receipts Reserve to finance new capital expenditure	(6,061)	(582)	6,061
Contribution from Capital Receipts reserve towards administrative costs of non current asset disposals	(1,343)		1,343

	General Fund Balance	Housing Revenue Account	Capital Receipts Reserve
Adjustments primarily involving the Pensions Reserve:			
Reversal of items relating to the retirement benefits debited or credited to the Comprehensive Income and Expenditure Statement	19,864	(454)	
Adjustments primarily involving the Collection Fund Adjustment Account:	(17)		
Adjustment primarily involving the Accumulated Absences Account			
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	566		
Total Adjustments	29,401	(99,007)	1,955

9. TRANSFERS TO/FROM EARMARKED RESERVES

	1 April £000	Net Movement in Year £000	31 March £000	Purpose of the Reserve
Insurance	(517)	0	(517)	To be used to fund exceptional items where no insurance cover.
Future Debt and Cap requirements	(5,339)	1,322	(4,016)	To meet future capital borrowing costs, in particular the requirement to provide for the Minimum Revenue Provision.
Statutory Property Fund and Landlord duties	(605)	0	(605)	To respond to unforeseen liabilities arising from the management and maintenance of properties.
Capital Fund	(342)	(944)	(1,286)	To respond to unforeseen liabilities arising from the management and maintenance of school properties.
Trading Accounts	(197)	197	0	Building Control Account, Insurance and Printing
Specific Grants	(3,430)	(1,025)	(4,455)	Carry Forward of Grant Income to be used in future financial years.
Miscellaneous Reserves	(5,490)	(4,739)	(10,229)	Includes reserves relating to: PFI Unitary Charge, Harmonisation, Economic Risk, LABGI, Pre-unitary Liabilities, Housing Benefit Subsidy and Miscellaneous Contingencies.
Sub Total General Fund	**(15,920)**	**(5,189)**	**(21,109)**	
Housing Renewals Reserve	(64)	(9)	(73)	To fund replacement/renewal of goods for sheltered housing complexes
Grand Total	**(15,984)**	**(5,198)**	**(21,182)**	

There have been no major movements between reserves in the year.

10. TAXATION AND NON SPECIFIC GRANT INCOME.

	2009/10 £000s	2010/11 £000s
Revenue Support Grant	(10,489)	(7,197)
Area Based Grant	(8,589)	(8,232)
Private Finance Initiative	(3,677)	(3,677)
Non-Domestic Rates	(45,445)	(49,560)
Council Tax Income	(46,294)	(47,487)
Total	**(114,494)**	**(116,153)**

11. PROPERTY, PLANT AND EQUIPMENT

	Council Dwellings	Other Land and Buildings	Vehicles. Plant and Equipment	Infrastructure	Community Assets	Surplus Assets	Investment Properties	Assets Under Construction	Total	PFI Assets included in Property, Plant and Equipment
	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Cost or Valuation										
At 1 April 2010	**404,971**	**211,996**	**38,911**	**53,061**	**2,725**	**14,623**	**6,354**	**25,354**	**757,856**	**42,020**
Additions and Enhancements	5,563	4,792	1,887	4,159	1,785	42		26,087	**44,500**	
Revaluation increases/(decreases) recognised in the Revaluation Reserve	7,592	12,278				672	1,687		**21,983**	
Revaluation increases/(decreases) recognised in the Surplus/Deficit on the Provision of Services	(96,388)	(2,677)				(1,213)	(354)		**(100,386)**	
Derecognition - Disposals	(831)	(1,677)				(1,045)	(189)		**(3,742)**	
Assets reclassified (to)/from Held for Sale		(3,570)				(1,530)			**(5,100)**	
Assets reclassified (to)/from other Non-Current		4,414			56	(33)	(4,740)	303	**0**	
Other movements in Cost or Valuation	(5,423)			221				(46)	**(5,248)**	
At 31 March 2011	**315,484**	**225,602**	**40,798**	**57,441**	**4,566**	**11,516**	**2,758**	**51,698**	**709,863**	**42,020**
Accumulated Depreciation and Impairment										
At 1 April 2010	**0**	**(27,681)**	**(21,024)**	**(8,483)**	**(16)**	**(1,726)**	**0**	**0**	**(58,930)**	**(1,493)**
Depreciation charge	(5,373)	(5,294)	(5,705)	(1,205)					**(17,577)**	
At 31 March 2011	**(5,373)**	**(32,975)**	**(26,729)**	**(9,688)**	**(16)**	**(1,726)**	**0**	**0**	**(76,507)**	**(1,493)**
Balance sheet amount at 31 March 2011	**310,111**	**192,627**	**14,069**	**47,752**	**4,550**	**9,790**	**2,758**	**51,698**	**633,355**	**40,527**
IFRS Restated Balance Sheet amount at 1 April 2010	**404,971**	**182,582**	**16,660**	**44,578**	**2,723**	**2,318**	**7,839**	**25,354**	**687,025**	**40,527**

12. VALUATION INFORMATION

The Council's operational housing stock was revalued as at 1st April 2010 by external valuers, Wilks Head & Eve. Under Housing Resource Accounting requirements, the stock was valued on the basis of existing use value for social housing. A review of the Council dwellings was carried out as at the 31st March 2011 also by Wilks Head & Eve.

The freehold and leasehold properties comprising the Authority's operational and non-operational property portfolio at the 31st March 2011 are valued on a rolling programme basis. The valuations for 2010/11 were carried out by external valuers Wilks Head and Eve. Additionally the value of properties held at open market value were reviewed at 31st March 2011 to reflect the current economic conditions.

Properties are valued on the following basis:

Properties regarded by the Authority as operational (i.e. assets held and occupied, used or consumed by an organisation in the direct delivery of services for which it has either statutory or discretionary responsibility, or for the service or strategic objectives of the Authority) are valued on the basis of open market value for the existing use or, where this cannot be assessed because there is no market for the subject asset, the depreciated replacement cost.

Properties regarded by the Authority as non-operational are valued on the basis of open market value.

The statement below shows the progress of the Council's rolling programme for the fixed assets which need to be revalued. Infrastructure and Community Assets are shown at historical cost in the balance sheet. The basis for the valuation is set out in the Statement of Accounting policies.

Value of Assets as at 31st Mar 11	**Council Dwellings £000**	**Land and Buildings £000**	**Vehicles, Plant and Equipment £000**	**Non Operational Assets £000**	**Total £000**
Net Book Value					
Valued at historical cost			9,062	51,698	60,760
Valued at current value in:					0
2010/11	310,111	26,135		7,085	343,331
2009/10	0	38,294		22,491	60,785
Others		128,198	5007	35,275	168,480
Total	**310,111**	**192,627**	**14,069**	**116,549**	**633,356**

13. ASSETS HELD FOR SALE

	Current		Non Current	
	2009/10	2010/11	2009/10	2010/11
	£000	£000	£000	£000
Balance outstanding at start of year	555	0	14,748	14,622
Assets newly classified as held for sale:			12	42
Revaluation Losses			(138)	(1,665)
Impairment Losses			(1,725)	(75)
Assets sold	(555)	(383)		(1,571)
Transfers from non current to current		5,100		(1,530)
Other movements				(33)
Balance outstanding at year end	0	4,717	12,897	9,790

14. INVESTMENT PROPERTIES

The following items of income and expense have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement:

	2009/10	2010/11
	£000	£000
Rental Income from Investment property	1,106	327
Direct Operating Costs	0	0
	1,106	327

15. INTANGIBLE ASSETS

The authority accounts for its software as intangible assets, to the extent that the software is not an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment. The intangible assets include both purchased licenses and software.

All software is given a finite useful life, based on assessments of the period that the software is expected to be of use to the Authority. The useful lives assigned to the major software used by the authority is:

Number of years	Item
3 Years	None
5 years	Oracle and Civica Software Licences
10 years	None

The carrying amount of intangible assets is amortised on a straight line basis. The amortisation of £52k is charged to Resources by the following amounts IT administration cost centre £20k Council Tax £27k and Customer Service Centre £5k and then absorbed as an overhead across all the service headings in the net expenditure of services.

	2009/10 £000	2010/11 £000
Balance at start of year:		
Gross carrying amounts	338	338
Accumulated Amortisations	(231)	(298)
Net carrying amount at start of year	107	40
Additions:		
Purchases	0	161
Amortisation for the period	(67)	(52)
Net carrying amount at end of year	40	149
Comprising:		
Gross carrying amounts	338	499
Accumulated amortisation	(298)	(350)
	40	149

There is 1 item of capitalised software that are individually material to the financial statements:

	Carrying Amount		
	31st Mar 10 £000	31st Mar 11 £000	Remaining Amortisation Period
Civica Software Licence	0	128	4 years

16. INFORMATION ON ASSETS HELD

The fixed assets held by the Council include the assets shown below:

	Number as at 31st March 10	Number as at 31st March 11
Operational Assets		
HRA Assets		
Council Dwellings	6,505	6,471
Operational Land and Buildings	17	16
Non-operational Assets	161	153
Other Land and Buildings		
Town Hall	1	1
Other Offices	2	2

	Number as at 31st March 10	Number as at 31st March 11
Community Halls and Playleadership Centres	12	10
Leisure Centres and Pools	6	6
Youth and Community Centres	9	8
Libraries	3	3
Schools and Education Properties	42	41
Social Services Homes and Hostels	26	25
Off-street Car Parks	13	11
Bus Station	1	1
Public Conveniences	7	7
Cemetery/Crematorium	1	1
Depots and Workshops	2	2
Waste Transfer Station	1	1
Allotments	12	12
Miscellaneous Land and Property	39	39
Vehicles, Plant and Equipment		
Vehicles, Plant and Equipment Capitalised	96	96
Infrastructure Assets		
Highways (Km)	327	327
Bridges	50	50
Community Assets		
Parks and Open Spaces	56	56
Non-operational Assets		
Commercial Land and Property	134	69

17. FINANCIAL INSTRUMENTS.

a. Financial Instruments – Classifications

The definition of a financial instrument is: *'Any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity'.*

The term 'financial instrument' covers both financial assets and financial liabilities. These range from straightforward trade receivables and trade payables to more complex transactions such as financial guarantees, derivatives and embedded derivatives.

Financial Liabilities

A Financial Liability is an obligation to transfer economic benefits controlled by the Council and can be represented by a contractual obligation to deliver cash or financial assets or an obligation to exchange financial assets and liabilities with another entity that are potentially unfavourable to the Council.

The Council's loan portfolio at year end consisted of PWLB and market debt. Under the 2010 Code of Practice these forms of borrowing are measured at amortised cost. This form of measurement does not change the amount of cash paid under the terms of the loan but can impact on the charge made to in the Comprehensive Income and Expenditure Statement.

Financial Assets

A Financial Asset is a right to future economic benefits controlled by the Council that is represented by cash or other instruments or a contractual right to receive cash or another financial asset.

The three classifications for financial assets under the Code of Practice are:

- Loans and Receivables;
- Available for Sale; and
- Fair Value through Profit and Loss.

The Council's portfolio of investments consists of fixed term deposits and call/notice accounts. Term deposits and call accounts are classed as 'Loans and Receivables' and are measured at amortised cost. This form of measurement does not change the amount of cash received under the terms of the investment. Trade Receivables (Debtors) are classified as Loans and Receivables. As these are considered immaterial they have been measured at cost on the Balance Sheet.

Balances in call accounts at 31st March 2011 are shown under 'cash and cash equivalents' in the Balance Sheet, as they represent highly liquid investments that are readily convertible to known amounts of cash, with an insignificant risk of changes in value. The Council does not have any investments required to be measured at Fair Value through Profit and Loss.

Transaction costs

Measurement at amortised cost permits transactions costs related to financial instruments to be attached to the loan or investment and charged to the Comprehensive Income and Expenditure Statement over the life of the instrument. Where these are considered to be immaterial they can be charged in full to the Comprehensive Income and Expenditure Statement in the financial year in which they are incurred. The Council has adopted this latter approach in 2010/11.

b. Financial Instruments Balances

The borrowings and investments disclosed in the Balance Sheet are made up of the following categories of financial instruments:

	Long-Term		Current	
	31st Mar 10	31st Mar 11	31st Mar 10	31st Mar 11
	£000	£000	£000	£000
Financial Liabilities at amortised Cost:				
- PWLB Loans	(44,282)	(43,557)	(682)	(284)
- Market Fixed Rate Loans	(11,000)	(10,000)	(271)	(271)
- Market LOBO loans	(13,000)	(13,000)	(202)	(202)
- Creditors	0	0	(39,883)	(42,797)
Total Borrowings	**(68,282)**	**(66,557)**	**(41,038)**	**(43,554))**

	Long-Term		Current	
	31st Mar 10	31st Mar 11	31st Mar 10	31st Mar 11
	£000	£000	£000	£000
Loans and Receivables:				
- Cash Equivalents			10,207	35,779
- Term Deposits	3,887	709	60,800	42,551
- Structured Callable Deposits	0	0	0	0
- Long Term Debtors	8,445	7,965	0	0
- Debtors (including impairments)	0		25,023	18,264
- Cash and Bank	0		10,386	8,532
Available for Sale Financial Assets	0	0	0	0
Total Investments	**12,332**	**8,674**	**106,416**	**105,126**

The following table reflects the composition of investments and debt recorded on the Balance Sheet:

	Long-Term		Current	
	31st Mar 10	31st Mar 11	31st Mar 10	31st Mar 11
	£000	£000	£000	£000
Borrowing:				
- Nominal Amount	(69,052)	(66,557)	(391)	(35)
- Accrued Interest	0	0	(764)	(722)
- Unamortised Discounts / (Premiums) on Modified Loans	770	0	0	0
Total Borrowings per Balance Sheet	**(68,282)**	**(66,557)**	**(1,155)**	**(757)**
Investments:				
- Nominal Amount	3377	709	69,024	77,562
- Accrued Interest	510	0	1,979	763
- Unamortised Discounts / (Premiums) on Available for Sale Assets	0	0	0	0
- Movement in Fair Value on Available for Sale Assets	0	0	0	0
Total Investments per Balance Sheet	**3,887**	**709**	**71,003**	**78,325**

The portion of long-term liabilities and investments due to be settled within 12 months of the Balance Sheet date are presented in the Balance Sheet under “current liabilities” or “current investments”.

Balances in call accounts are shown under “Cash Equivalents” as they represent highly liquid investments. During the year, market conditions for call accounts were better than

the short term deposits (3 to 6 months) and therefore a higher proportion of deposits were placed in call accounts. This also ensured that cash was readily available to finance capital expenditure in line with the Council's approved treasury management strategy.

c. Financial Instruments Gains and losses

The gains and losses recognised in the Comprehensive Income and Expenditure Statement in relation to financial instruments consists of the following items:

	2009/10 £000	2010/11 £000
Financial Liabilities – Measured at amortised Costs		
Interest Expenses	(3,437)	(3,050)
Impairment Losses/adjustment		9
Interest Payable and Similar Charges	**(3,437)**	**(3,041)**
Financial Assets – Loans and Receivables		
Interest Income	2,754	1,405
Gains on de-recognition	152	0
Interest and Investment Income	**2,906**	**1,405**
Net Gain / (loss) for the year	**(531)**	**(1,636)**

d. Impairment of Investments

The Council had deposited £2.5M with Heritable Bank Plc on 22nd March 2007 for a fixed period maturing on 22nd March 2011 with interest payable annually. Heritable Bank was a UK registered bank and was placed in Administration on 7th October 2008. Ernst and Young LLP are the appointed Administrators and based on their report issued on 17th April 2009, the Council recognised an impairment charge of £798k in 2008-09 accounts based on it recovering 80p in the £.

The Administrators latest report dated 11th May 2011 projects a base case return of between 79% and 85% and as a result the Council has reassessed the value of recoverable amount. The total dividend received as at 31st March 2011 is £1.292M. The Administrators latest report can be viewed at the following website:

http://www.heritable.co.uk/Uploads/Documents/news/Eighth_Report.pdf

Investments included in the assets figures in the Balance Sheet include above impaired deposit. The details are as follows:

Date Invested	2nd March 2007
Maturity Date	22nd March 2011
Original Amount	£2,500,000
Interest rate	5.72%
Carrying Amount 31.3.2010	£1,193,074
Carrying Amount 31.3.2011	£852,492

Impairment balance 31.3.2010	£404,917
Impairment Balance 31.3.2011	£355,365

The carrying amount of investment included in the Balance Sheet has been calculated using the present value of expected payments, discounted using the investment's original interest rate. The expected repayments have been estimated based on reports issued by the Administrators and adjustments will be made in future accounts as more information becomes available.

Interest credited to the Income and Expenditure Account in respect of the above investment is as follows:

Year	Credited	Received
2008-09	£143,000	£0
2009-10	£93,619	£0
2010/11	£58,839	£0

The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2009 allow the Council to defer the impact of the impairment charge relating to the above investment until 2010/11. The Council has decided not to take advantage of the Regulations.

e. Financial Instruments – Fair Values

The Council's long term financial assets and financial liabilities are carried in the Balance Sheet at amortised cost. The portion of borrowings and investments due to be settled within 12 months of the Balance Sheet date are presented in the Balance Sheet under short term borrowings or short term investments. This also includes accrued interest for long term investments and borrowings, as well as accrued interest for cash and cash equivalents.

- The Fair Values of these assets and liabilities has been assessed by calculating the present value of cash flows that will take place over the remaining term of the instruments, using the following assumptions:
  - The Council's debt outstanding at 31 March 2010 and 31 March 2011 consisted of loans from the Public Works Loan Board (PWLB) and market loans. The PWLB has provided the Council with Fair Value amounts in relation to its debt portfolio. The PWLB has assessed the Fair Values by calculating the amounts the Council would have had to pay to extinguish the loans on these dates.
  - For Market fixed rate loans – by reference to PWLB "premature repayment" set of rates in force on the last business day of the financial year.
  - For Market LOBO (Lenders option to increase the rate, borrowers' option to repay the loan) loans, where the lender's option is exercisable within the next 12 months, carrying amount is assumed to approximate to fair value. For the other LOBO loans, by referencing the unexpired period of potential lender's

option to PWLB “premature repayment” set of rates in force on the last business day of the financial year.

- Where the instrument will mature in the next 12 months, carrying amount is assumed to approximate to fair value

- For deposits longer than 364 days, by reference to market rates quoted on the last business day of the financial year for equivalent types of timed deposits.

- No early repayment or impairment is recognised.

- The fair value of trade and other receivables is taken to be the invoiced or billed amount.

The fair values calculated are as follows:

	31st Mar 10		31st Mar 11	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£000	£000	£000	£000
PWLB and Market Debt	69,437	74,329	67,313	68,912
Trade Creditors (Suppliers)	1,025	1,025	1,354	1,354
Total Financial Liabilities	70,462	75,354	68,667	70,266
Money Market Deposits	74,890	75,317	78,679	79,064
Trade Debtors (Customers)	6,110	6,110	4,265	4,265
Total Loans and Receivables	81,000	81,427	82,944	83,329

The fair value is higher than the carrying amount because the Council’s portfolio of investments includes a number of fixed rate loans where the interest rate receivable is higher than the rates available for similar loans at the Balance Sheet date. This guarantee to receive interest above current market rates increases the amount that the Council would receive if it agreed to early repayment of the loans.

f. Financial Instruments – Risks

The Council’s activities expose it to a variety of financial risks:

- Credit Risk – the possibility that other parties may fail to pay amounts due to the Council;

- Liquidity Risk – the possibility that the Council might not have funds available to meet its commitments to make payments; and

- Market Risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates, global financial market crisis and stock market movements.

The Council’s overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential effects on the resources available to fund services. The Council has adopted the CIPFA Code of Practice on Treasury Management. The Council approves on an annual basis, and if necessary amend during the year if the financial market conditions change, treasury management strategy and policy that contain a number of measures to control the financial instrument risks above including interest rate risk, credit risk, liquidity risk and the investment of surplus cash. The policy statement also includes treasury management practices, prudential indicators for borrowing and investment and investment limits for different class of counterparties. The Council’s latest treasury management strategy and policy statement can be found on pages 40 to 58 at:

http://www.slough.gov.uk/moderngov/Published/C00000109/M00003867/$$Supp5382dDocPackPublic.pdf

Credit Risk

Loans and Receivables

The Council manages credit risk by ensuring that investments are placed with Banks and Building Societies having sufficiently high credit worthiness as set out in the Treasury Management Strategy. A limit is placed on the amount of money that can be invested with a single counterparty. The Council also sets a total group investment limit for institutions that are part of the same banking group. No more than £10M in total can be invested for a period longer than one year.

It must also be noted that although credit ratings remain a key source of information, the Council recognises that they have limitations and investment decisions are based on a range of market intelligence. All investments have been made in line with the Council’s Treasury Management Strategy Statement for 2010/11, approved by Full Council on 22nd February 2010.

Throughout 2010/11 the ***minimum*** criteria for new investments has been a long term rating of A-/A2/A+ (Fitch/Moody’s/S&P).

The table below summarises the nominal value of the Council’s investment portfolio as at 31st March 2011 and shows that all deposits outstanding as at 31st March 2011 met the Council’s credit rating criteria at that date:

Counter Party	**Credit Rating Criteria Met When Investment Placed?**	**Credit Rating Criteria Met on 31.3.2011**	**Balance Invested as at 31st March 2011**				**Total**
	YES/NO	**YES/NO**	**Upto 1 month**	**> 1 and < 3 months**	**> 3 and < 6 months**	**> 6 and < 12 months**	
			£'000	**£'000**	**£'000**	**£'000**	**£'000**
Banks - UK	YES	YES	7,200	19,600	3,800	0	30,600
Banks - non UK	YES	YES	0	0	0	0	0
Total Banks			**7,200**	**19,600**	**3,800**	**0**	**30,600**

Counter Party	Credit Rating Criteria Met When Investment Placed?	Credit Rating Criteria Met on 31.3.2011	Balance Invested as at 31st March 2011				Total
Building Societies	YES	YES	0	8,000	2,700	0	10,700
Call Accounts	YES	YES	35,763	0	0	0	35,763
TOTAL			**42,963**	**27,600**	**6,500**	**0**	**77,063**

The above analysis excludes the estimated carrying value after impairment of the Council's Heritable Bank investment of £0.8M originally invested in March 2007.

Liquidity Risk

As the Council is a net lender and also has ready access to borrowings from the Public Works Loans Board, there is no significant risk that it will be unable to meet its commitments under financial instruments. Instead, the risk is that the Council may be bound to replenish a significant proportion of its borrowings at a time of unfavourable interest rates. This risk also includes Market LOBO loans where the lender can exercise its option to vary the rate of interest payable and if so, the Council may wish to exercise its option to repay the loan outstanding. The Council's strategy is therefore to ensure that no more than 30% of loans are to mature within any rolling three year period through a combination of careful planning of new loans taken out and (where it is economic to do so) making early repayments. It is also the Council's strategy that no more than £10M of deposits is placed for a period maturing beyond 364 days.

The maturity analysis of nominal value of the Council's debt as at 31st March 2011 is as follows:

	Years	31 March 2011 £'000	% of Total Debt
Short Term Borrowing	Less than 1 year	35	0.05%
Long Term Borrowing	Over 1 but not over 2	20	0.03%
	Over 2 but not over 5	19,006	28.54%
	Over 5 but not over 10	7,003	10.52%
	Over 10 but not over 15	8,005	12.02%
	Over 15 but not over 20	10,523	15.80%
	Over 20 but not over 25	5,000	7.51%
	Over 25 but not over 35	13,000	19.52%
	Over 35	4,000	6.01
Total		**66,592**	**100**

Market risk

The Council is exposed to market risks described below:

(a) **Interest Rate Risk**

The Council is exposed to significant risk in terms of its exposure to interest rate movements on its borrowings and investments. Movement in interest rates have a

complex impact on the Authority. For instance, a rise in interest rates would have the following effects:

- Borrowings at variable rates – the interest expense charged to the Income and Expenditure Account will rise;

- Borrowings at fixed rates – the fair value of the borrowings will fall;

- Market Borrowings with LOBO – the lender may exercise option to increase rate of interest charge and if so, the Council may wish to exercise option to repay the outstanding amount of loan rather than accept higher rate of interest;

- Investments at variable rates – the interest income credited to the Income and Expenditure Account will rise;

- Investments at fixed rates – the fair value of the assets will fall; and

The Authority has a number of strategies for managing interest rate risk. Policy is to ensure that the variable rate borrowing is limited to 25% of total borrowing. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to losses. The risk of loss is ameliorated by the fact that a proportion of government grant payable on financing costs will normally move with prevailing interest rates or the Council's cost of borrowing and provide compensation to a proportion of any higher costs.

The Treasury Group has an active strategy for assessing interest rate exposure that feeds into the setting of the annual budget and which is used to update the budget quarterly during the year. This allows any adverse changes to be accommodated. The analysis also indicates whether new borrowing taken out is fixed or variable.

Any movement in interest rate will also impact on new budgeted borrowing.

According to this assessment strategy, at 31st March 2011, if interest rates had been 1% higher with all other variables held constant, the financial effect in full year would be:

	£'000
Increase in interest payable on variable rate borrowings	0
Increase in interest receivable on variable rate investments	0
Increase in interest payable on new borrowing	0
Increase in government grant receivable for financing costs	0
Impact on Income and Expenditure Account	**0**
Share of overall impact debited to the HRA	**0**
Decrease in fair value of long term fixed rate investments:	
- Available for sale	0
- Deposits (no impact on Income and Expenditure Account and STRGL)	0
Impact on STRGL	**0**
Decrease in fair value of fixed rate borrowings liability (no impact on Income and Expenditure Account or STRGL)	**808**

The impact of a 1% fall in interest rates would be as above but with the movements being reversed.

(b) **Price Risk**

The Council does not generally invest in equity shares and did not have any shareholdings as at 31st March 2011.

18. CONSTRUCTION CONTRACTS

The Council has commitments under capital contracts as at the 31st March 2011, in respect of corporate, education and highways schemes. Details of significant contracts are shown below:

Capital Project	Capital Value £000	Period of Contract
Heart of Slough	2,400	2012/13
Bus Station	24,700	2011/12
Education and Children		
Western House Expansion project	2,916	2011/12
Westgate School Expansion	2,168	2011/12
Parlaunt Park Primary Refurbishment	3,973	2011/12
Wexham Court Primary Expansion	3,979	2011/12
Total	**13,036**	

19. SHORT TERM DEBTORS

Debtors and Advance Payments

	31st Mar 10 Restated £000	31st Mar 11 £000
Government Departments	11,209	8,591
Other Local Authorities	1,470	1,852
Housing Rents	1,998	2,127
Collection Fund	5,512	6,442
Payments in Advance	1,203	1,290
Other	18,584	16,225
Sub Total	**39,976**	**36,527**
Provision for Bad Debts	(12,129)	(14,963)
Total	**27,847**	**21,565**

20. CASH AND CASH EQUIVALENTS

The balance of Cash and Cash Equivalents is made up of the following elements:

	2009/10 £000	2010/11 £000
Cash held by the authority	19	18
Bank Current Accounts	10,368	8,530
Short Term Deposits	10,207	35,779
Total Cash and Cash Equivalents	**20,594**	**44,311**

Balances in call accounts are shown under “Cash Equivalents” as they represent highly liquid investments. During the year, market conditions for call accounts were better than the short term deposits (3 to 6 months) and therefore a higher proportion of deposits were placed in call accounts. This also ensured that cash was readily available to finance capital expenditure in line with the Council’s approved treasury management strategy.

21. Short term Creditors

	31st Mar 10 Restated £000	31st Mar 11 £000
Central Government Bodies	(13,698)	(10,826)
Other Local Authorities	(1,615)	(3,251)
NHS Bodies	(424)	(148)
Housing Rents in advance	(499)	(597)
Collection Fund	(1,103)	(1,014)
Refundable deposits	(122)	(259)
Receipts in advance	(10,153)	(7,718)
Interest payable	(12)	(10)
Other	(33,827)	(28,826)
Total	**(61,453)**	**(52,649)**

22. Provisions

	Insurance £000	Harmonisation £000	Redundancy	Dilapidations £000	Other £000	Total £000
Balance at 1 April	(807)	(3,703)	0	(605)	(420)	(5,535)
Additional provisions made in year	(60)	0	(737)	0	0	(797)
Amounts used in year	57	0	0	0	418	475
Balance at 31 March	**(810)**	**(3,703)**	**(737)**	**(605)**	**(2)**	**(5,857)**

23. UN-USABLE RESERVES

The Council keeps a number of reserves in the Balance Sheet. Some are required to be held for statutory reasons, some are needed to comply with proper accounting practice, and others have been set up voluntarily to earmark resources for future spending plans.

Reserve	Restated 1 April £000	Net Movement in Year £000	31 March £000	Note
Capital Adjustment Account	(544,399)	28,985	(466,885)	
Revaluation Reserve	(26,966)	(3,375)	(36,497)	
Deferred Capital Receipts Reserve	(129)	47	(129)	
Financial Instruments Adjustment Account	2,105	3,085	5,190	
Pensions Reserve	165,320	(68,260)	97,060	
Collection Fund Adjustment Account	17	(59)	(42)	
Employee Benefit Adjustment Account	4,352	(566)	3,786	
	(399,700)	**(40,143)**	**(397,517)**	

24. CASH FLOW STATEMENT OPERATING ACTIVITIES

	2009/10 £000	2010/11 £000
Interest Received	(3,917)	(3,464)
Interest Paid	6,931	8,302
Total	**3,014**	**4,838**
Adjustment for finance lease interest paid		**531**
Adjustment for finance lease interest received		**(48)**
Overall Total		**5,321**

25. CASH FLOW STATEMENT INVESTING ACTIVITIES

	2009/10 £000	2010/11 £000
Purchase of Property, Plant and Equipment, Investment Property and Intangible Assets	59,484	47,645
Purchase of short term and long term investments	319,895	215,725
Other payments for investing activities		
Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(5,130)	(5,478)
Proceeds from short term and long term investments	(346,841)	(247,206)
Other receipts from investing activities	(19,513)	(34,888)
Net cash flow from investing activities	**7,895**	**(24,202)**

26. CASH FLOW STATEMENT FINANCING ACTIVITIES

	2009/10 £000	2010/11 £000
Cash receipts for short and long term borrowing	(2,100)	(24,770)
Cash payments on PFI and other finance leases	958	932
Repayments of short and long term borrowing	5,166	27,078
Net cash flow from financing activities	**4,024**	**3,240**

27. ACQUIRED AND DISCONTINUED OPERATIONS

On 1st July 2010, functions previously performed by People 1st, a wholly owned subsidiary of Slough Borough Council, were brought back in-house and People 1st was wound up. Employees of People 1st and its functions transferred back to the Council. The Group Income and Expenditure account includes the £22k loss for 2009/0 and £209k profit for 2010/11 to 30th June 2011.

The functions that were delegated to People 1st can be summarised as:

• Stock investment decisions and repairs ordering;
• rent collection, dealing with arrears, debt counselling;
• consulting and informing tenants on matters which are People 1st's responsibility;
• Promoting tenant participation, including involving tenants in monitoring and reviewing service standards;
• Enforcement of tenancy conditions;
• Similar functions for leaseholders;
• Managing lettings, voids and under-occupation; and
• Estate management, caretaking and housing related support services under the Supporting People programme.

Pension Assets and Liabilities transferred into the Council Pension fund following the cessation of People 1st is shown below.

	£000s
Liabilities Assumed in a business Combination	(5,652)
Receipt of Bulk Value Transfer	4,086
Net Liabilities Transferred into Council Pension Fund	(1,566)

There are no other outstanding liabilities following the transfer of People 1st

28. POOLED BUDGETS

The Council has two pooled budget agreements which are included in the Adult Social Care line on the Income and Expenditure Account:

(i) **Intermediate Care Services**

The agreement is between the Council and Berkshire East Primary Care Trust (PCT) to provide intermediate care services to help with delayed discharges.

	2009/10 £000	2010/11 £000
Gross Funding		
Slough Borough Council	252	262
Berks East PCT	252	262
Total Funding	**504**	**523**
Expenditure	**504**	**523**

(ii) **Berkshire Community Equipment Service**

This agreement exists between the six Berkshire Unitary Authorities and two Berkshire Primary Care Trusts with Slough Borough Council being the lead authority and accountable body for the provision of joint store and equipment services using The South Central Ambulance Service NHS Trust acts as an agent to the accountable body to provide the services.

	2009/10 £000	2010/11 £000
Gross Funding		
Slough Borough Council	162	234
Other Berks Councils	1,334	2,575
Berkshire Primary Care Trusts	1,312	0
Total Funding	**2,808**	**2,809**
Expenditure		
South Central Ambulance Service NHS Trust		
Paid as the agent of Slough Borough Council	2,808	2809
Further contractual obligations due	0	0
Total Expenditure	**2,808**	**2,809**

29. MEMBER'S ALLOWANCES

Allowances to Members are index linked to the average Local Government Pay Award. The new rates are published as Part 6 of the constitution and subsequently actual figures paid to members are available at the end of the municipal year.

Actual Allowances 2010/11

Basic Allowance £5,974 p.a.

Special Responsibility Allowances paid ranging between £154 and £14,607 p.a.

Members are paid pro-rata to their time in office.

The total Members' allowances paid during 2010/11 was £396k (£344k for 2009/10). Further information is available in the Member Services section of the Improvement and Development department.

30. OFFICER'S REMUNERATION

Detailed below are the numbers of employees which includes figures for schools, in the accounting period to which the accounts relate, whose remuneration fell in each bracket of a scale in multiples of £5k starting with £50k.

These figures also include Redundancy Payments, leased car and essential user taxable allowances.

These amounts exclude national insurance and pension contributions.

Remuneration Band	2009/10			2010/11		
	Non Schools	**Schools**	**Total**	**Non Schools**	**Schools**	**Total**
Over £160,000	1		1	2		2
£155,000 – £159,999			0	0		
£150,000 - £154,999			0	0		
£145,000 – £149,999			0	1		1
£140,000 – £144,999			0	0		
£135,000 – £139,999			0	0		
£130,000 – £134,999	1		1	0		
£125,000 – £129,999			0	4		4
£120,000 – £124,999	1		1	2	1	3
£115,000 – £119,999	1		1	5	1	6
£110,000 – £114,999		1	1	2	0	2
£105,000 – £109,999	1	1	2	0	2	2
£100,000 – £104,999	1	4	5	2	1	3
£95,000 – £99,999	1	1	2	3	0	3
£90,000 – £94,999	1	1	2	6	2	8
£85,000 – £89,999	5	2	7	6	1	7
£80,000 – £84,999	1		1	1	3	4
£75,000 – £79,999	7	3	10	6	6	12
£70,000 – £74,999	3	3	6	6	6	12
£65,000 – £69,999	10	21	31	11	20	31
£60,000 – £64,999	14	16	30	13	19	32
£55,000 – £59,999	18	23	41	11	30	41
£50,000 – £54,999	39	26	65	27	36	63
TOTALS	**106**	**101**	**207**	**108**	**128**	**236**

NB. The figures for staff in 10/11 include an element of one off redundancy payments.

Senior Officer Remuneration

In December 2009 the Accounts and Audit (Amendment Number 2) (England) Regulations 2009 were laid before Parliament. The new regulations amended the Accounts and Audit Regulations 2003 and imposed an obligation on the Council to include reference to remuneration reporting for senior officers in its Statement of Accounts.

A senior employee is an employee whose salary is £150k or more per year, or an employee whose salary is £50k or more per year (to be calculated pro rata for an employee employed for fewer than the usual full time hours for the relevant body concerned) who is either:

1. The Council's designated Head of Paid Service,

2. A statutory chief officer or

3. A non-statutory chief officer, as defined by Section 2 of the Local Government and Housing Act 1989.

The regulations make it a requirement for the 'remuneration disclosure' to include:

(a) Salary;

(b) bonuses;

(c) additional payments; in 2010/11his includes any one off payments arising from pensions costs related to early retirement.

(d) Compensation or ex gratia payments;

(e) Benefits in kind and

(f) pensions;

If the Senior Officer's Salary exceeds £150k, the regulations require disclosure of the officer's name. If the salary does not exceed £150k then disclosure of the post title only is required.

2009/10

Post holder information (Name if applicable and post title)	Total Remuneration excluding pension contributions 2009/10	Bonuses	Compensation for Loss of Office	Benefits in Kind	Pension Contributions 2009/10	Expenses 2009/10	Total Remuneration including pension contributions 2009/10
	£	£	£	£	£	£	£
Chief Executive-Ruth Bagley	161,800	0	0	0	24,090	0	185,890
Strategic Director of Resources-Commenced Employment 5th Oct 2009-Annualised Salary 2009-10 £119,684	58,750	0	0	0	8,510	100	67,360
Strategic Director, Education and Children's Service	129,760	0	0	0	19,280	500	149,540
Strategic Director for Improvement and Development	99,930	0	0	0	14,780	700	115,410
Corporate Director Of Community and Wellbeing	118,260	0	0	0	17,530	100	135,890
Strategic Director of Green and Built Environment-resigned 31st March 2011	123,620	0	0	0	18,310	420	142,350
Borough Secretary and Monitoring Officer *	95,570	0	0	0	13,510	170	109,250

2010/11

Post holder information (Name if applicable and post title)	Total Remuneration excluding pension contributions 2010/11	Bonuses	Compensation for Loss of Office	Benefits in Kind	Pension Contributions 2010/11	Expenses 2010/11	Total Remuneration including pension contributions 2010/11
	£	£	£	£	£	£	£
Chief Executive-Ruth Bagley	160,480	0	0	0	24,550	0	185,030
Strategic Director of Resources	126,130	0	0	0	19,250	0	145,380
Strategic Director, Education and Children's Service	126,330	0	0	0	19,280	0	145,610
Strategic Director for Improvement and Development	104,900	0	0	0	15,940	0	120,840
Corporate Director Of Community and Wellbeing	115,320	0	0	0	17,530	0	132,850
Strategic Director of Green and Built Environment-resigned 31st March 2011	126,180	0	0	0	225,890	0	352,070
Borough Secretary and Monitoring Officer *							

- During 2010/11, the position of Monitoring Officer was performed by an officer of the Council. However, this person was not an employee of the Council.

31. External Audit Costs

	2009/10 £000	2010/11 £000
Fees payable in respect of external audit services carried out by the appointed auditor	324	344
Fees payable in respect of statutory inspection	18	0
Fees payable for the certification of grant claims and returns	59	47
Total	**401**	**391**

32. Dedicated Schools Grant

The Dedicated Schools Grant (DSG) has been deployed in accordance with the regulations within the School Standards framework Act 1998; this is underpinned by the production of the Section 251 Statement.

The accounting structure allows for users of the accounts to extract the performance of the authority's statutory duties and provides an adequate base for external audit to test that the deployment of grant has been made in accordance with scheme rules.
The accounting structure in place separately identifies all DSG activity from other services and thus readily demonstrates that the schools budget net of Young People’s Learning Agency (YPLA) income is equal to that of the DSG payable for the year.

During the year the change in actual and forecast grant entitlement was reflected in the accounts that comprise the overall DSG.

The central expenditure element of the schools budget was within the maximum limit allowable. This can be demonstrated in the accounts as the actual spend came in under budget. Furthermore the accounts also demonstrate that all under and over spend within centrally retained expenditure and that within the ISB have been accounted for properly. Although commitments have also been carried forward into the new financial year that will utilise the full level of grant available

Disclosure of deployment of the Dedicated Schools Grant

Schools Budget Funded by Dedicated Schools Grant (DSG)

	Central Expenditure £000	Individual Schools Budget £000	Total £000
Final DSG for 2010/11	11,560	87,032	98,622
Brought forward from 2009/10	2,038		2,038
Carry forward to 2010/11	(2,038)		(2,038)
Agreed budgeted distribution in 2010/11	**11,590**	**87,032**	**98,622**
Actual central expenditure	11,550		11,550

Actual ISB deployed to schools		87,862	87,862
Local Authority contribution for 2010/11	459	830	1,289
Carry forward to 2011/12	**499**	**0**	**2,537**

33. GRANT INCOME

The Council credited the following grants, contributions and donations to the Comprehensive Income & Expenditure Statement in 2010/11.

	2009/10 £000s	2010/11 £000s
Capital Grants:		
HCA Heart of Slough	(3,505)	(2,919)
DCSF Fair Play Builder Grant	(379)	(385)
LSC Wexham	(425)	
Children's Centres	(381)	(1,103)
Devolved Formula Capital Grant	(2,486)	(2,470)
DFES Targeted Capital Fund (TCF)	(1,398)	(358)
Partnership for Schools		(10,051)
Primary Capital Fund	(238)	(2,763)
Other capital Grants charged to CIES	(4,071)	(4,122)
Credited to Services		
Standards Fund	(11,070)	(12,473)
Dedicated Schools Grant	(91,739)	(97,733)
Schools DSG	(1,794)	(1,842)
General Sure start	(2,986)	(4,189)
School Standards	(4,662)	(4,661)
Learning & Skills Council Sixth Forms	(10,822)	(10,823)
Supporting People	(4,300)	(33)
Housing & Planning Delivery Grant	(529)	(425)
Drug Intervention Programme	(790)	(805)
Pooled Treatment	(1,032)	(1,546)
Concessionary Fares	(364)	(1,079)
Rent Rebates Subsidy	(16,184)	(16,691)
DWP Grants for Benefits	(55,567)	(62,068)
Other Revenue Grants	(6,694)	(9,876)
Receipts in Advance		
DoH Social Care Capital grant		(38)
Central Library-Eng Partnerships	(2,747)	(2,747)
Supporting People Grant		(109)
Social Care IT Specific Grant		(151)
Transforming Social Care		(260)
PCT Joint Working		(96)
Section 106 Agreements	(967)	(92)
Commuted Sums	(1,497)	(1,715)
Other Receipts in Advance	(2,475)	(347)

34. RELATED PARTIES

The Council is required to disclose material transactions with related parties – bodies or individuals that have the potential to control or influence the council or to be controlled or influenced by the council. Disclosure of these transactions allows readers to assess the extent to which the council might have been constrained in its ability to operate independently or might have secured the ability to limit another party's ability to bargain freely with the Council.

Central Government

Central government has effective control over the general operations of the Council – it is responsible for providing the statutory framework, within which the Council operates, provides the majority of its funding in the form of grants and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits). Grants received from government departments are set out in the subjective analysis in Note 28 on reporting for resources allocation decisions. Grant receipts outstanding at 31 March 2011 are shown in Note 38.

Members

Members of the council have direct control over the council's financial and operating policies. The total of members' allowances paid in 2010/11 is shown in Note 34.In addition, the Council paid grants totalling £981K to voluntary organisations in which eleven members had positions on the governing body.

The following were declarations made at Cabinet, when Grants to Voluntary Organisations for 2010/11 was discussed on 8th February 2010.

- On 8th February 2010, a member declared a personal and prejudicial interest in agenda item 5 – Tennis Centre Development proposals as he was the Chair of the Thames Valley Athletic Centre Management Committee and a Member of the Board of Directors. He indicated that he would withdraw when the item was considered During 2010/11, TVAC received £113K from the Council.
- At a meeting of the Cabinet on 8th February 2010, one member declared an interest in agenda item 7 – Grants to Voluntary Bodies (Longer Term Funded Organisations) 2010/11 as he was a member of the Pakistan Welfare Association (PWA). During 2010/11 the council donated £37k to PWA.

In all instances, the grants were made with proper consideration of declarations of interest. The relevant members did not take part in any discussion or decision relating to the grants. Details of all these transactions are recorded in the Register of Members' Interest, open to public inspection at the Town Hall during office hours. Members as a group are required to be identified as related parties. The aggregation option for individual transactions has been taken on the basis that the council has satisfied itself that all the transactions entered into have been concluded in accordance with its procedures for preventing undue influence.

Officers- During 2010/11, no officers of the Council declared positions of influence.

Other Public Bodies subject to common control by central government

The Council has two pooled budget agreements Transactions and balances outstanding are detailed in Note 24.

35. CAPITAL EXPENDITURE AND CAPITAL FINANCING

The Local Government Act 2003 introduced the Prudential System of Capital Finance. In approving the capital budget, the Council is required to consider and approve a number of Prudential Indicators including the indicator for Capital Financing Requirement which reflects the underlying level of borrowing required to finance historic capital expenditure.

	2009/10 £000	2010/11 £000
Opening Capital Financing Requirement - Borrowing	47,094	118,507
PFI adjustment	42,009	0
Adjusted Capital Financing Requirement	89,103	118,507
Capital Investment		
Intangible Assets	0	0
Property Plant & Equipment	33,963	18,187
Non-operational Assets	9,988	26,130
Revenue Expenditure Funded from Capital under Statute	6,115	5,161
Sources of Finance		
Capital Receipts	(807)	(6,061)
Government Grants and other Contributions	(13,228)	(24,978)
Sums set aside from revenue (NB: includes direct revenue financing, MRP and any voluntary set aside)	(2,812)	(2,171)
Major Repairs Reserve	(3,815)	(5,949)
Closing Capital Financing Requirement	**118,507**	**128,826**
Explanation of movements in year		
Supported Borrowing	20,682	4,121
Self Financed Borrowing	9,952	6,198
PFI Grant	(958)	(932)
Increase/(decrease) in Capital Financing Requirement	**29,676**	**9,387**

36. LEASES

Authority as Lessee

Finance leases

The Council has acquired five leases and one contract under finance leases

The assets acquired under these leases are carried as Property, Plant and Equipment in the Balance Sheet at the following net amounts:

	31st Mar 10 £000	31st Mar 11 £000
Other Land and Buildings	10,818	9,900
Vehicles, plant, Furniture and Equipment	5,569	4,984
	16,387	14,884

The Authority is committed to making minimum payments under these leases comprising settlement of the long-term liability for the interest in the property acquired by the Authority and finance costs that will be payable by the Authority in future years while the liability remains outstanding. The minimum lease payments are made up of the following amounts:

	31st Mar 10 £000	31st Mar 11 £000
Finance lease liabilities (net present value of minimum lease payments):		
current	4,210	1,784
non current	13,323	14,038
Finance costs payable in future years	2,470	1,567
Minimum lease payments	20,003	17,389

The minimum lease payments will be payable over the following periods:

	Minimum Lease Payments		Finance Lease Liabilities	
	31st Mar 10 £000	31st Mar 11 £000	31st Mar 10 £000	31st Mar 11 £000
Not later than one year	0	0	0	0
Later than one year and not later than five years	45	45	78	59
Later than five years	2,156	2,196	16,309	14,825
	2,201	2,241	16,387	14,884

Operating Leases

The Authority has acquired operating leases, with typical lives of seven years.

The future minimum lease payments due under non-cancellable leases in future years are:

	31st Mar 10 £000	31st Mar 11 £000
Not later than one year	964	1,754
Later than one year and not later than five years	3,109	5,156
Later than five years	2,476	2,634
	6,549	9,544

The expenditure charged to Services in the Comprehensive Income and Expenditure Statement during the year in relation to these leases was:

	31st Mar 10 £000	31st Mar 11 £000
Minimum lease payments	2,336	2,392

Authority as Lessor

Finance Leases

The Council has implemented a number of international accounting standards in 2010-11, which resulted in 10 leases that had previously been classed as operating leases being reclassified as finance leases for the following properties:

	Original term Years	Remaining term Years
Gurney House	17	3
Chalvey Waste Transfer Depot	15	7
Chalvey Working Men's Club	75	40
Wentworth Medical Centre	80	33
Slough Deaf Club	50	48
Hatfield MSP	15	4
22 & 22a Windsor Road	15	11
874 Plymouth Road	5	3
Bus Garage	90	63
Wentworth Avenue Chandlers Garage	25	0

The Authority has a gross investment in the lease, made up of the minimum lease payments expected to be received over the remaining term and the residual value anticipated for the property when the lease comes to an end.

The minimum lease payments comprise settlement of the long-term debtor for the interest in the property acquired by the lessee and finance income that will be earned by the Authority in future years whilst the debtor remains outstanding.

The gross investment is made up of the following amounts:

	31st Mar 10 £000	31st Mar 11 £000
Finance lease debtor (net present value of minimum lease payments):		
current	250	253
non current	7,580	7232
Unguaranteed residual value of property		92
Gross investment in the lease	7,830	7,577

The gross investment in the lease and the minimum lease payments will be received over the following periods:

	Gross Investment in the Lease		Minimum Lease Payments	
	31st Mar 10 £000	31st Mar 11 £000	31st Mar 10 £000	31st Mar 11 £000
Not later than one year	-	93	-	15
Later than one year and not later than five years	138	585	24	102
Later than five years	7,692	6,900	278	185
	7,830	7,577	301	301

Operating Leases

Assets Held under Leases

The future minimum lease payments receivable under non-cancellable leases in future years are:

	31st Mar 10 £000	31st Mar 11 £000
Not later than one year	858	723
Later than one year and not later than five years	470	429
Later than five years	1,131	996
	2,459	2,148

Assets Held for Leases

The Council has granted leases for buildings including local community groups and small businesses on the industrial estate. It also has leased leisure buildings to a service contractor at a peppercorn rent to deliver leisure services.

37. PRIVATE FINANCE INITIATIVE

During 2006/07, the Council entered into a Private Finance Initiative contract for the design, build and operation of three schools. Penn Wood School became operational on 26th February 2007, Beechwood and Arbour Vale schools becoming operational from 3rd September 2007. The contract period is for 28 years.

Under the revised accounting arrangements, under SORP, the assets are recognised as Tangible Fixed assets on the Balance Sheet and will be subject to revaluation every five years (as part of the normal valuation of fixed assets). The assets will be subject to depreciation and impairment as normal assets.

The initial cost under the contract for the design and build element is recognised on the Balance Sheet. This will be written down over the life of the contract as payments are made under the contract.

The Council is committed to make total payments of £229.3m over the life of the contract. The annual payments are split into three elements. The capital costs are paid against the liability for the purchase costs, interest is charged against the interest payable account with the service element charged to Education Services line which are both within the Income and Expenditure Account. To ensure that the General fund makes provision for the full costs there is a Minimum Revenue Provision charge to the General Fund, equal to the capital repayments.

The cost of the PFI is partly funded by PFI Credits in the form of central government grants totalling £105m over the period of the contract. The annual credit is included in the Government Grants – non specific line within the Income and Expenditure Account. The balance under the contract, £124m, is borne by the Council and funded by contributions from the three schools budgets.

The following table shows estimates of future unitary payments:

	Unitary Payment £000	Service Cost £000	Liability Repayments £000	Interest £000
Less than one year	6,121	2,835	956	2,330
Between 2 and five years	25,790	13,004	3,989	8,797
between 5 and 10 years	35,700	20,279	5,800	9,621
between 10 and 15 years	40,536	25,304	7,480	7,752
between 15 and 20 years	46,708	30,428	11,089	5,191
between 20 and 25 years	52,217	40,033	10,805	1,379
Between 25 and 30 years	40	40	0	0
TOTAL	**207,112**	**131,923**	**40,119**	**35,070**

The following table shows an analysis of the movement of PFI liabilities between the 31 March 2010 and 31 March 2011

	£000
Liability at 1 April 2010	41,050
Unitary payment made in 2010/11	5,991
Principal payment made in 2010/11	**(932)**
Liability at 31 March 2011	**40,118**

38. Impairment Losses

During 2010/11, the Authority has not recognised any impairment losses

39. Termination Benefits

The Authority terminated the contracts of a number of employees in 2010/11, incurring liabilities of £3.3m (£1.1m in 2009/10). Of this total, £208k is payable to the Berkshire Local Government Pension Scheme for the Director of Green and Built Environment in the form of

enhanced pension. The remaining £3.1m is payable to 88 officers from other areas of the council who were made redundant or took early retirement as part of the Authority’s rationalisation of its Services.

40. Teacher’s Pension Scheme

The scheme is a defined benefit scheme, administered by the Teachers’ Pension Agency (TPA).

Although the scheme is unfunded, the TPA uses a notional fund as the basis for calculating the employers’ contribution rate paid by Local Education Authorities (LEAs). However it is not possible for the Authority to identify a share of the underlying liabilities in the scheme attributable to its own employees. For the purposes of this statement of accounts it is therefore accounted for on the same basis as a defined contribution scheme.

The Authority is responsible for the costs of any additional benefits awarded upon early retirement outside of the terms of the teachers’ scheme. These benefits are fully accrued in the pensions liability described above.

Pension costs are charged into the accounts using the contribution rate set by the Department for Education. The Council paid the following amounts to the Department for Education in respect of teachers' pension costs. In addition the Council is responsible for a share of the pension payments related to added years for former Berkshire County Council teachers.

	2009/10 £000	2010/11 £000
Employers’ Contribution	6,434	6,613
Added Years	82	72
Percentage of Teachers’ Pensionable Pay	14.1%	14.1%

41. Defined Benefit Pension Scheme

Participation in Pension Schemes

As part of the terms and conditions of employment of its officers, the Council makes contributions towards the cost of post employment benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that needs to be disclosed at the time that employees earn their future entitlement.

The Council participates in the following post employment schemes:

- The Local Government Pension Scheme, administered locally by the Royal Borough of Windsor and Maidenhead Council – this is a funded defined benefit final salary scheme, meaning that the Council and employees pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

Transactions Relating to Post-employment Benefits

We recognise the cost of retirement benefits in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge we are required to make against council tax is based on the cash payable in the year, so the real cost of post employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the Comprehensive Income and Expenditure Statement and the General Fund Balance via the Movement in Reserves Statement during the year:

Comprehensive Income and Expenditure Statement:	2009/10	2010/11
Net cost of Services		
Current service cost	(11,148)	(7,051)
Past service costs	(31,136)	0
Curtailment settlements	(1,566)	(316)
Net Operating Expenditure		
Interest Cost	(16,958)	(14,358)
Expected return on assets in the scheme	10,375	8,142
Total Post Employment Benefit charged to the Surplus or Deficit on the Provision of Services	**(50,432)**	**(13,584)**
Other Post Employment Benefit Charged to the CIES		
Actuarial (gains) and losses	(56,083)	75,160
Total Post Employment Benefit charged to the CIES	**(106,515)**	**61,577**
Statement in Movement to General Fund Balance: (MIRS)		
Reversal of Net Changes made for retirement benefits in accordance with IAS19	(106,515)	61,577
Actual Amount charged against Council Tax for Pensions in the Year		
Employers' contributions payable to scheme**:**	**(8,074)**	**(7,483)**

The cumulative amount of actuarial gains and losses recognised in the Comprehensive Income and Expenditure Statement to 31 March 2010/11 is a gain of £56.1m.

Assets and Liabilities in Relation to Post-employment Benefits

Reconciliation of present value of scheme liabilities (defined benefit obligation).

	2009/10 £000s	2010/11 £000s
Opening Defined Benefit Obligation	(211,044)	(333,635)
Current Service Cost	(6,751)	(11,148)
Interest Cost	(14,112)	(16,958)
Contributions by Scheme Participants	(2,879)	(3,055)
Actuarial Gains and Losses	(109,005)	54,444
Benefits Paid	10,472	10,431
Past Service Costs	0	31,136
Settlements and Curtailments	(316)	0
Liabilities Assumed in a Business Combination	0	(5,652)
Closing Defined Benefit Obligation	**(333,635)**	**(274,437)**

Reconciliation of fair value of the scheme (plan) assets:

	2009/10 £000s	2010/11 £000s
Opening fair value of Scheme Assets	127,011	168,516
Expected Rate of Return	7,963	10,375
Actuarial Gain	33,845	(6,532)
Employer Contributions	7,291	8,380
Contributions by Scheme Participants	2,879	3,055
Benefits Paid	(10,472)	(10,431)
Receipt of bulk transfer value	0	4,086
	168,516	**177,449**

The expected return on scheme assets is determined by considering the expected returns available on the assets underlying the current investment policy. Expected yields on fixed interest investments are based on gross redemption yields as at the Balance Sheet date.

Expected returns on equity investments reflect long-term real rates of return experienced in the respective markets.
The actual return on scheme assets in the year was £12.1m (2010/11 £42.7mx).

Scheme History

Amounts for the current and previous four periods	**Year to March 07**	**Year to March 08**	**Year to March 09**	**Year to March 10**	**Year to March 11**
Present Value of Liabilities	(237,891)	(224,431)	(211,044)	(333,635)	(274,436)
Fair Value of Assets in LGPS	190,778	179,449	127,011	168,516	177,450
Surplus/(Deficit) in Scheme	(47,113)	(44,982)	(84,032)	(165,119)	(96,986)

The liabilities show the underlying commitments that the Authority has in the long run to pay retirement benefits. The total liability of £97m has a substantial impact on the net worth of the authority as recorded in the balance sheet.

The deficit on the local government scheme will be made good by increased contributions over the remaining working life of employees, as assessed by the scheme actuary.

The total contributions expected to be made to the Local Government Pension Scheme by the Council in the year to 31st March 2012 is £6.827m.

Basis for Estimating Assets and Liabilities:

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The Local Government Scheme Fund liabilities have been assessed by Barnett Waddington an independent firm of actuaries, estimates for the Local Government Fund being based on a roll forward projection of the last available formal fund valuation which was at 31st March 2010.

The main assumptions used in their calculations have been:

	31st March 2010	**31st March 2011**
	% per annum	**% per annum**
Rate of inflation	3.9	3.5
Rate of increase in salaries	5.4	4.8
Rate of increase in pensions	3.9	2.7
Rate for discounting scheme liabilities	5.5	5.5

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The discount rate is the yield on the iBoxx AA

rated over 15 years Corporate Bond Index with an adjustment to reflect the duration of the liabilities relative to the duration of the index.

The principal assumptions made by the actuary on the long-term expected rate of return on assets in the scheme are:

	31st March 2010 Long term return % per annum	31st March 2011 Long term return % per annum
Equities	7.9	7.8
Gilts	4.5	4.4
Bonds	5.5	5.5
Property	6.0	5.9
Cash	3.0	3.0
Alternative Assets	5.0	5.0
Total	6.0	6.5

The assumed life expectations from age 65 are:

Retiring today		
	Males	22.7
	Females	25.4
Retiring in 20 years		
	Males	24.8
	Females	27.4

The actuaries have continued to assume that 50% of retiring members will opt to increase their lump sums to the maximum allowed.

Actuarial Gains and Losses

The actuarial gains identified as movements on the Pensions Reserve in 2010/11 can be analysed into the following categories, measured as absolute amounts and as a percentage of assets or liabilities at 31 March 2011:

2006/07		2007/08		2008/09		2009/10		2010/11	
£000	%	£000	%	£000	%	£000	%	£000	%
Differences between the expected and actual return on assets:									
164	0.1	(28,976)	16.1	(66,895)	52.7	33,845	20.1	1,638	0.9
Differences between actuarial assumptions about liabilities and actual experience:									
1,108	0.5	1,618	0.7	0	0	(3,372)	(1.0)	15,018	5.5

42. Contingent Liabilities

The Council has no significant liabilities for 2010/11.

43. Schools Balances And Reserves

The Council received a Dedicated Schools Grant (DSG) in 2010/11 of £98.6m of which £89.7m was delegated to schools who in turn spent £88.1m (98%) and retained the balance of £1.5m within their earmarked reserves. For ongoing commitments, the balance of the DSG (£9.1m) was managed centrally to cover services that were cross cutting across all school phases or because centralising allowed better value for money aligned with Department for Education direction.

The schools also receive other grant funding via the DCSF (now known as Department of Education) Standards Fund, School Standards Grant and LSC which together total around £22m in addition to a contribution of £810k from the Council's budget towards the cost of the PFI scheme.

Locally managed schools are allowed to carry forward unspent balances of delegated budgets as agreed within the framework recommended by the schools forum.

The balance held by schools as at the 31st March 2011 is £11.5m. Further details on the DSG are given in note number 28.

	2009/10 £000	2010/11 £000
Balances as at 1st April	(9,174)	(9,573)
Movement in Year:		
To Schools Fund	(2,019)	(3,100)
From Schools Fund	1,620	1,031
Balances as at 31st March	**(9,573)**	**(11,642)**

44. Trust Funds

These are monies owned by an individual or organisation, which is administered by the Authority. The funds administered by the Council are summarised below. In accordance with accounting recommendations, these sums are excluded from the Balance Sheet.

	Balance as at 1st April £000	Payments/ Transfers in year £000	Receipts in year £000	Balance as at 31st March £000
War Memorial Garden	86	0	2	88
Miscellaneous Funds	6	(3)	5	8
Total Trust Funds	**92**	**(3)**	**7**	**96**

45. TRADING ACCOUNTS

The Council operates the following trading accounts:

	Notes	2009/10 £000	2010/11 £000
Printing	(i)		
Income		(748)	(743)
Expenditure		681	860
Deficit/(Surplus)		**(67)**	**117**
Cemetery and Crematorium	(ii) (a)		
Income		(1,115)	(1,166)
Expenditure		687	720
Deficit / (Surplus)		**(428)**	**(446)**

(i) **Printing** – the Council operates a printing section that supports all Council Departments and works occasionally for associated external bodies. This section is also responsible for the Council's photocopiers.

(ii) The following 2 trading accounts appear in the Income and Expenditure Account within the net cost of services:

(a) Cemetery and Crematorium. The Council provides a cremation and burial service for all groups within the local community and surrounding districts and is able to cater for the needs of the bereaved, respecting their religious beliefs, cultural backgrounds and customs.

During a typical year over 1,500 cremations and 380 burial services are performed. These are all in compliance with the Federation of British Cremation Authorities code of practice and the 1977 Local Government Cremation Order.

(b) Landfill Allowance Trading Scheme – (b) Landfill Allowance Trading Scheme – The Landfill Allowance Trading Scheme commenced on 1st April 2005. As a waste disposal authority, the Council is given an allowance of biodegradable waste that they may dispose of in landfill. This has been treated as a grant. The grant and allowance used has been included within the costs of services. The unused amount can be traded with other local authorities or carried forward into a successive year. Due to the lack of activity under the Landfill Allowance Trading Scheme and the volume of surplus allowances held by the majority of waste disposal authorities it has been considered prudent to value surplus allowances held at 31st March 2011 at zero.

46. DECRIMINALISED PARKING ENFORCEMENT ROAD TRAFFIC ACT 1991 – PARKING PLACES ACCOUNT

The Decriminalised Parking Enforcement operation commenced in May 2003, following the approval by the Secretary of State to transfer delegated powers from the Thames Valley Police. The Authority is required to provide details to the Department of Transport of income, expenditure and the surplus or deficit for the on-street parking within its area. The outturn included in the accounts is shown the table below:

	2009/10 £000	2010/11 £000
Transactions in year		
Expenditure	956	945
Income	(1,020)	(1,088)
Gross (surplus)/deficit for year	**(64)**	**(142)**
Support service recharges	162	151
Net deficit for year	**98**	**9**

47. BUILDING CONTROL TRADING ACCOUNT

The Local Authority Building Control Regulations require the disclosure of information regarding the setting of charges for the administration of the Building Control function.

However, certain activities performed by the Building Control Unit cannot be charged for, such as providing general advice and liaising with other statutory authorities. The statement below shows the total cost of operating the Building Control unit divided between the chargeable and non-chargeable activities.

Total 2009/10 £000		Chargeable 2010/11 £000	Non - Chargeable 2010/11 £000	Building Control 2010/11 £000
	Expenditure			
552	Employee Expenses	339	246	585
1	Premises	40	24	64
15	Transport	7	4	11
24	Supplies and Services	21	9	30
176	Central and Support Service Charges	78	45	123
768	**Total Expenditure**	**485**	**328**	**813**
	Income			
(408)	Building Regulations Charges	(418)	0	(418)
(17)	Miscellaneous Income		(11)	(11)
(425)	**Total Income**	**(418)**	**(11)**	**(429)**
343	**Deficit for Year**	**67**	**317**	**384**

There is nil balance held in earmarked reserves for the Building control Account as at 31st March 2011.

HOUSING REVENUE ACCOUNT

Local housing authorities are required by the Local Government and Housing Act 1989 to keep a Housing Revenue Account (HRA). This records revenue income and expenditure in relation to Council houses and its tenants, such as repairs and maintenance, management expenses, capital financing costs, rent income, other income for charges for services and subsidy receivable from the Government. The HRA must be self-supporting without contributions from other funds (e.g. the General Fund).

2009/10			2010/11
£000	**INCOME**	**Notes**	**£000**
(26,577)	Dwelling Rents (Gross)		(26,629)
(1,528)	Non Dwelling Rents (Gross)		(1,547)
(2,208)	Charges for Services and Facilities		(1,916)
0	Contribution towards expenditure		(608)
(30,313)	**Total Income**		**(30,700)**
	EXPENDITURE		
6.089	Repairs and Maintenance	*4*	6,962
7,242	Supervision & Management		7,926
5	Rents, Rates, Taxes & Other Charges		7
6,705	Housing Revenue Account Subsidy Payable	*9*	6,415
20,576	Depreciation & Impairments of Fixed Assets	*7 & 8*	106,628
399	Debt Management Costs		56
41,016	**Total Expenditure**		**127,994**
10,703	**Net Cost of HRA Service as included in Whole Authority I & E Accounts**		**97,294**
209	HRA Services share of Corporate & Democratic Core		205
904	HRA Share of other amounts included in Whole Authority Net Cost of Services, not allocated to specific services		0
11,816	**Net Cost of HRA Services**		**97,499**
273	Gain or loss on Sale of HRA Fixed Assets		(1,438)
754	Interest Payable & Similar Charges		2,316
(126)	Interest and Investment Income		(117)
50	Pensions Interest Cost and Expected Return on Pensions Assets		245
	Capital Grants and contributions receivable		(20)
12,767	**(Surplus)/Deficit for year**		**98,485**

Statement of Movement on HRA Balance

2009/10 £000		2010/11 £000
12,780	(Surplus)/Deficit for year	**98,485**
	Additional Items to be taken into account in determining movement in HRA balance	
1,372	Difference between interest payable and similar charges including amortisation of premiums and discounts	216
(14,859)	Impairment losses	(101,126)
(273)	Gain or loss on Sale of HRA Fixed Assets	1,438
(51)	Contributions to/from Pensions Reserves	(454)
0	Capital Expenditure funded by HRA	1,500
0	Transfer from reserves	(5)
(858)	Transfer to/from Major Repairs Reserve	(577)
(14,669)	**Sub Total Additional Items**	**(99,008)**
(7,106)	**Housing Revenue Account Balance Brought Forward**	**(9,008)**
(1,902)	**Total (Surplus)/Deficit for the year**	**(523)**
(9,008)	**Housing Revenue Account Balance Carried Forward**	**(9,531)**

1. HOUSING STOCK

The housing stock managed by the Council was as follows:

	Number as at 31 Mar 10	Number as at 31 Mar 11
Houses	2,834	2,825
Flats	3,052	3,043
Bungalows	599	599
Shared ownership	4	4
Awaiting demolition	16	0
As at 31st March	**6,505**	**6,471**

The change in stock can be summarised as follows:

	2009/10	2010/11
Stock at 1st April	6,556	6,505
Properties sold	(11)	(16)
Properties acquired	0	2
Properties disposed of	(40)	(20)
As at 31st March	**6,505**	**6,471**

2. ASSET VALUES

	As at 31 Mar 10 £000	As at 31 Mar 11 £000
Operational Assets:		
Dwellings	404,971	309,991
Other Land and Buildings	779	910
Vehicles, Plant and Equipment	1,231	1,649
Non-operational Assets:	2,246	7,963
Investments Land and Property	5,005	1,400
Surplus Land and Property	7,854	5,459
Total Housing Assets	**422,086**	**327,372**
Vacant Possession value of dwellings*	749,946	968,722

* The Social Housing Factor supplied by Valuers to calculate the vacant possession value used in 2009/10 was 0.54 and in 2010/11 was 0.32

The vacant possession value of dwellings within the HRA as at 31 March 2011 was £969 million (£750m as at 31 March 2010). The difference of £659m between the vacant possession value and the Balance Sheet value of dwellings represents the economic cost of providing council housing at less than open market rent.

3. MAJOR REPAIRS RESERVE

The Accounts and Audit Regulations 1996 require authorities to establish and maintain a Major Repairs Reserve for council dwellings. The credit to the reserve is an amount equivalent to the total depreciation charge for HRA assets which can only be used for capital expenditure on HRA assets.

	2009/10 £000	2010/11 £000
Balance Brought Forward 1st April	**0**	**(1,040)**
Depreciation of HRA Assets	(5,713)	(5,654)
Adjustment to HRA	858	729
Capital Expenditure funded from MRA	3,815	5,949
Contribution from the Income and Expenditure account	0	(1,500)
Balance Carried Forward 31st March	**(1,040)**	**(1,515)**

4. HOUSING REPAIRS ACCOUNT

The Housing Repairs Account exists to fund expenditure on renewals, improvements and general repairs to Council property. An annual contribution and withdrawal is actioned from the account designed to allow a degree of flexibility in medium term expenditure. Current balance on the account is nil (2009/10 nil).

5. CAPITAL EXPENDITURE AND SOURCES OF FINANCE

	2009/10 £000	2010/11 £000
Expenditure		
Council Houses	18,702	4,688
Other Property	732	1,452
	19,434	**6,140**
Sources of Finance		
Major Repairs Reserve	3,815	5,949
Government Grants	81	0
Capital Receipts	0	191
Borrowing	15,538	0
	19,434	**6,140**

6. CAPITAL RECEIPTS

In 2004/2005, a system of pooling for housing capital receipts was introduced with 75% of the proceeds from dwelling sales and 50% from other assets paid to CLG. A contribution of £1.3m was made to the national pool in 2010/11 (£1m 2009/10).

	2009/10 £000	2010/11 £000
Disposals of		
Right To Buy Housing	1,358	1,785
Land and garages	373	390
	1,731	**2,175**

7. DEPRECIATION CHARGE

Depreciation charges reflect the consumption of HRA assets over their useful life and the annual provision for 2010/11 of £5.5m (£5.7m in 2009/10) is in respect of council dwellings.

8. IMPAIRMENT

Impairment relates to physical damage or deterioration in the value of the fixed asset. There was an impairment charge in 2010/11 of £101.m for council stock (£14.9m in 2009/10).

9. HRA SUBSIDY

HRA Subsidy is a grant payable to the Department for Communities and Local Government (CLG) towards the costs of local authority housing nationally. It represents the excess of notional rent and other income after deducting expenditure in the form of allowances calculated by CLG for Management, Maintenance and Major Repairs.

Subsidy payable is made up of the following elements:

	2009/10 £000	2010/11 £000
Rent	27,118	26,874
Rental Constraint Allowance	(445)	0
Allowance for Management and Maintenance	(12,060)	(12,212)
Major Repairs Allowance	(4,886)	(4,924)
Charges for Capital	(3,032)	(3,330)
Interest on Receipts	13	7
	6,708	**6,415**
Prior Year Adjustment	**(3)**	**0**
HRA Subsidy Payable	**6,705**	**6,415**

10. RENT ARREARS

The provision for doubtful debts against arrears was £1.7m at 31st March 2011(£1.6m at 31st March 2010)

	2009/10 £000	2010/11 £000
Current Tenant Arrears	1,080	1,132
Former Tenants	918	1,006
Total Arrears as at 31st March	**1,998**	**2,138**

11. IAS19 RETIREMENT BENEFITS

Further to the note to the core statements, the following transactions in respect of Pension Costs have been included in the Housing Revenue Account.

	2009/10 £000	2010/11 £000
Net Cost of Services (includes current and past service costs of pensions, gains and losses arising on settlement or curtailment of pension liabilities)	10	209
Net Operating Expenditure		
Interest Cost	100	631
Expected Return on Pension Assets	(59)	(386)
Appropriations		
Transfer from Pension Reserve	(51)	(454)

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COLLECTION FUND

The Collection Fund (England) is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and distribution to local authorities and the Government of council tax and non-domestic rates.

2009/10 £000		Notes	2010/11 £000	
	INCOME			
	Council Tax			
(46,302)	Income from Council Tax Payers	*2*		(47,485)
	Business Rates			
(85,619)	Income from Business Rate Payers	*3*		(85,063)
	Transfers from the General Fund			
(9,586)	Council Tax Benefits	*2*		(10,383)
(175)	Discretionary Relief	*3*		(108)
(141,682)	**Total Income**			**(143,039)**
	EXPENDITURE			
	Precepts and Demands			
46,060	Slough Borough Council	*1*	47,223	
234	Parish Precepts		264	
6,173	Thames Valley Police Authority		6,328	
2,249	Royal Berkshire Fire Service		2,283	
54,716		*2*		56,098
	Business Rates			
83,135	Payment to National Pool	*3*	82,368	
205	Interest Payable on Revaluation	*3*	121	
229	Cost of Collection Allowance	*3*	215	
83,569				82,704
	Share of Previous Year's surplus			
400	Slough Borough Council		0	
54	Thames Valley Police Authority		0	
19	Royal Berkshire Fire Service		0	
473				0
	Provision for Bad Debts			
2,225	Non Domestic Rates	*3*	2,467	
	Council Tax			
401	Write offs		(173)	
758	Movement in Bad Debt Provision		1,874	
3,384				4,168
142,142	**Total Expenditure**			**142,970**
460	**(Surplus)/Deficit for the year**			**(69)**

COLLECTION FUND BALANCE

(441)	Balance at 1st April		19
460	(Surplus)/Deficit for the year		**(69)**
19	**Balance at 31st March**	*4*	**(50)**

1. GENERAL

The Council's demand on the Collection Fund represents the balance of spending for the year to be met from local taxes.

2. COUNCIL TAX

The Council Tax is a charge on domestic property. Each property has been independently valued and put into one of eight bands (A to H). The charge for each property is calculated by reference to the ‘band’ charge. Specific reductions are made, in accordance with government regulations, for persons on lower incomes (Council Tax Benefits). Government grant is received for this reduction.

In order to calculate the charge to be levied the estimated number of properties for each band for the year is converted to Band D equivalent figure (e.g. 20 band H properties is equivalent to 40 band D properties – 20 x 18/9). This gives the tax base for the Council.

The valuation bands and the Band D equivalent figures estimated for 2010/11 are as follows:

Band	**Number of Chargeable Dwellings (after discounts)**	**Ratio**	**Band "D" Equivalent Number of Dwellings**	**2010/11 Council Tax**
Band A	947.70	6/9	631.80	907.57
Band B	7,587.51	7/9	5,901.40	1,058.82
Band C	19,019.70	8/9	16,906.40	1,210.09
Band D	11,232.00	9/9	11,232.00	1,361.35
Band E	3,722.24	11/9	4,549.40	1,663.87
Band F	1,475.52	13/9	2,131.30	1,966.39
Band G	294.78	15/9	491.30	2,268.92
Band H	3.75	18/9	7.50	2,722.69
Totals	44,283.20		41,851.10	
	Less: - adjustment of 2% to allow for changes in the valuation list and for non-collection of tax.		(837.02)	
	Council Tax Base 2010/11		41,014.10	

The Council Tax contribution required (excluding parishes) for 2010/11 services and including Fire and Police Authorities precepts was £55,834.

	£000	
Slough BC Demand	47,223	
Police Precept	6,328	
Fire Precept	2,283	
SBC, Police and Fire	55,834	Council Tax Base multiplied by Band D
Parish Precepts	264	
Total	56,098	

The income received from taxpayers is reduced by benefits transferred from the General Fund and other adjustments made throughout the year.

3. INCOME FROM BUSINESS RATES

The Council collects Non-Domestic Rates for its area based on local rateable values (R.V.) multiplied by the national uniform rate (NNDR rate multiplier). The total amount, less certain reliefs and discounts, is paid to a central pool managed by Central Government, which, in turn pays back to authorities their share of the pool based on a standard amount per head of the local adult population.

Under these arrangements the amounts included can be analysed as follows: -

	2009/10	2010/11
Total Slough Borough Council RV at 31 Mar	£198,684,801	£222,315,556
Main NNDR rate multiplier	48.5	41.4
Small Business rate multiplier	48.1	40.7
	£000	**£000**
Income due from ratepayers	85,619	85,063
Discretionary relief from General Fund	175	108
less:- Provision for bad debts	(2,225)	(2,467)
Interest on refunds	(205)	(121)
Cost of Collection Allowance	(229)	(215)
National Pool contribution	**83,135**	**82,368**

4. DISTRIBUTION OF COLLECTION FUND SURPLUS OR DEFICIT

The year-end surplus or deficit on the Collection Fund, in so far as it relates to Council Tax transactions, has to be distributed proportionally between the billing authority (Slough Borough Council) and precepting authorities (Thames Valley Police and Royal Berkshire Fire Service). The distribution is made on the basis of estimates as at the 15th January each year.

For the current year the Collection Fund actual has resulted in a small deficit and this will be distributed proportionally as below. This will be taken into account when the surplus or deficit is estimated for the 2011/12 budget in January 2012.

	2010/11
	£000
Slough Borough Council	(42)
Thames Valley Police Authority	(6)
Royal Berks Fire Service	(2)
Total	**(50)**

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Accruals
Sums included in the final accounts to cover income or expenditure attributable to the accounting period but for which payment has not been made or received at the balance sheet date.

Actuarial Gains and Losses
Changes in actuarial deficits or surpluses that arise because:

(a) Events have not coincided with the actuarial assumptions made for the last valuation (known as ‘experience gains and losses’); and

(b) The actuarial assumptions have changed.

Amortise
To repay debt in annual instalments over a fixed period of time.

Appropriations
Amounts transferred to or from revenue or capital reserves.

Arms Length Management Organisation (ALMO).
Arms Length Management Organisation – a 100% owned local authority company.

Asset
An item owned by the authority, which has a monetary value. Assets are defined as current or fixed:

(a) Current assets will be consumed or cease to have value within the next financial year, examples are stock and debtors; and

(b) Fixed assets provide benefits to the authority and to the services it provides for a period of more than one year; examples are land and buildings, vehicles and equipment.

Bad or Doubtful Debts
It is practice for an organisation to create a provision for bad debts representing the estimated amount of debt existing at the 31st March, which is deemed irrecoverable.

Balances
Revenue reserves and provisions available to the Council.

Best Value
A system of best practice that facilitates accurate comparison between both services and authorities. It strengthens the arrangement for recharging support services costs to front line services so that they are comparable.

Budgets
A statement of an authority’s plans for net revenue expenditure over a specified period of time.

Capital Charge
A charge to services for the use of fixed assets, which comprises:
(a) A capital financing charge equivalent to notional interest on the net value of the assets; and
(b) A depreciation charge based on the remaining finite life of the asset.

Capital Expenditure
Expenditure on the acquisition of fixed assets which will be of use or benefit to the authority in providing its services beyond the year of the accounts.

Capital Grants
Grants received towards capital outlay on a particular service or project.

Capital Receipts
Money received from the sale of surplus assets such as land and buildings, a proportion of which may be used to supplement the authority’s Credit Approvals and finance capital expenditure.

Capital Reserve
An internal fund of the authority which is used as an alternative to borrowing or leasing to finance capital expenditure.

Collection Fund
The Collection Fund records transactions in respect of the council tax, community charges, and non-domestic rates and

illustrates the way in which these have been distributed.

Community Assets
Fixed assets that an authority intends to hold in perpetuity and have no determinable useful life.

Contingent Liability
A contingent liability is either:

(a) A possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the authority's control; or

(b) A present obligation arising from past events where it is not probable that a transfer of economic benefits will be required or the amount cannot be measured with sufficient reliability.

Corporate and Democratic Core
The corporate and democratic core comprises all activities which local authorities engage in specifically because they are elected multi-purpose authorities. The cost of these activities are thus over and above those which would be incurred by a series of independent, single-purpose, nominated bodies managing the same services. There is therefore no logical basis for apportioning these costs to services.

Creditors
Amounts owed by the authority for work done, goods received or services rendered within an accounting period, but for which payment was not made at the balance sheet date.

Current Service Cost
The increase in the present value of the pension scheme liabilities expected to arise from employee service in the current period.

Curtailment
Curtailments will show the cost of the early payment of pension benefits if any employee has been made redundant in the previous financial year.

Debtors
Sums of money due to the Council within the accounting period, but which are unpaid at the date of the balance sheet.

Debt Rescheduling/ Refinancing
The process of restructuring the existing long term debt, for a premium or discount, in order to achieve a more favourable rate of interest and thus reduce the overall total cost of the debt.

Deferred Charges
Deferred Charges represent expenditure which has been capitalised but does not create a tangible fixed asset for the authority i.e., improvement grants.

Deferred Liabilities
These are liabilities which are payable beyond the next year; they are primarily mortgage repayments.

Depreciation
An amount charged to revenue accounts to represent the reducing value of fixed assets.

Direct Financing of Capital Expenditure
Refers to the financing of capital expenditure directly from revenue in one year rather than from loan or other sources.

Discounts
Penalty payment received by the borrower for agreeing to the lender's request to repay a debt before the maturity/due date.

Exceptional Items
Material Items which derive from events or transactions that fall within the ordinary activities of the authority and which need to be disclosed separately by virtue of their size or incidence to give fair presentation of the accounts.

Expected Rate of Return on Assets
The average rate of return expected over the remaining life of the related obligation on the actual assets held by the Pension Scheme.

Finance Lease
A lease that transfers substantially all of the risks and rewards of ownership of a fixed asset to the lessee.

Fixed Assets
Tangible assets that yield benefits to the local authority and the services it provides for a period of more then one-year.

Funding Spending Share (FSS)
Central Government's assessment of what an individual authority needs to spend in order to provide a standard level of service. The FSS is used to calculate the authority's revenue support grant and capping limit.

General Fund
The main revenue account of the Council into which the Council's precept from the Collection Fund and specific government grants are paid and from which is met the cost of providing services.

Government Grants
Payments by central government towards local authority expenditure. They may be specific, for example Housing Benefits, or general, for example, Revenue Support Grant.

Gross Expenditure
The total cost of providing the authority's services before taking into account income.

Housing Act Advances (HAA)
Loans made by an authority to individuals or Housing Associations towards the cost of constructing, acquiring or improving dwellings. Loans to individuals are termed mortgages.

Housing Revenue Account (HRA)
An account, which the Council must produce by law to show the cost of providing and maintaining its housing stock and the rent income derived there from.

Impairment
Weakening or damaging of an asset which reduces its value.

Income
Amounts which the authority receives or expects to receive, from any source. Income includes fees and charges, sales and government grants. The term 'income' implies that the figures concerned relate to amounts due within the financial year irrespective of whether or not they were actually received during that year, (that is, on an accruals basis).

Infrastructure Assets
Those fixed assets from which benefit can be obtained only by continued use of the asset created for example, highways, footpaths and bridges.

Interest on Pension Scheme Liabilities
The expected increase during the period in the present value of the scheme liabilities because the benefits are one year closer to settlement.

Intangible Assets
Assets such as software licences which can be charged to the capital account and written off to the revenue account over the economic life of the asset.

Irrecoverable Surplus
(Pension Scheme)
The employer may not control or be able to benefit from the whole of a surplus - it may be so large that the employer cannot absorb it all through reduced contributions. The amount recoverable through reduced contributions reflects the maximum possible to be recovered without assuming an increase in the number of employees covered by the scheme.

Liability
A liability is where the authority owes payment to an individual or another organisation:
(a) A current liability is an amount which will become payable or could be called in within the next accounting period, for example, creditors or cash overdrawn; and
(b) A deferred liability is an amount which, by arrangement, is payable beyond the next year at some point in the future, or to be paid off by an annual sum over a period of time.

Liquid Resources
Current asset investments that are readily disposable by the authority without disrupting its business and are either readily convertible to known amounts of cash at or close to the carrying amount, or traded in an active market.

Lenders' Option, Buyers' Option (LOBO)
Lenders option to increase the rate, borrowers' option to repay the loan.

Minimum Revenue Provision (MRP)
The amount that has to be charged to revenue to provide for the repayment of debt.

National Non Domestic Rate (NNDR)
The means by which businesses contribute to the cost of local authority services. National non-domestic rates are otherwise known as Business Rates.

NNDR Pool
A fund administered nationally by the Office of the Deputy Prime Minister (ODPM) into which are paid business rates collected by local authorities. The ODPM pay out of the fund a per capita amount to all local authorities.

Net Book Value
The amount at which fixed assets are included in the balance sheet, that is, their historical cost or current value less the cumulative amounts provided for by depreciation.

Non Operational Assets
Fixed assets held in the local authority but not directly occupied, used or consumed in the delivery of services. Examples of non-operational assets are investment properties and assets that are surplus to requirements held pending sale or redevelopment.

Operational Assets
Fixed assets held and occupied, used or consumed by the local authority in the direct delivery of those services for which it has a statutory or discretionary responsibility.

Past Service Cost
(Pension Scheme)
Discretionary benefits awarded on early retirement are treated as past service costs. This included added years and unreduced pension benefits awarded before the "rule of 85" age.

Pooled Budgets
Section 31 of the Health Act 1999, the NHS Bodies and Local Authorities Partnership Arrangements Regulations 2000 and the Community Care and Health (Scotland) Act 2002 enable establishment of joint working arrangements between NHS bodies and local authorities. Pooled funds enable health bodies and local authorities to work collaboratively to address specific local health issues. A key feature of the pool will be that the use of resources contributed to the pool will be dictated by the needs of clients who meet the criteria established for the pool, rather than the respective contributions of the partners. Thus it is to be expected that health service resources could be used to deliver local authority services and vice versa.

Post Balance Sheet Events
Those events, both favourable and unfavourable, which occur between the balance sheet date and the date on which

the responsible financial officer signs the Statement of Accounts.

Precept

The amount levied by one authority, which is collected on its behalf by another.

Premiums

Penalty payment required by the lender for early repayment of long-term debt.

Prior Year Adjustment

An adjustment in the year's accounts that relates to the previous financial year.

Projected Unit Method

(Pension Scheme)

An accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings. An accrued benefits valuation method is a valuation method in which the scheme liabilities at the valuation date relate to:

(a) The benefits for pensioners and deferred pensioners and their dependants, allowing where appropriate for future increases, and

(b) The accrued benefits for members in service on the valuation date.

Provisions

Amounts set aside by an authority for liabilities or losses whose exact amount or date on which it will arise is uncertain. They are only used for the purpose for which they are established, and any expenditure is charged directly to the provision.

Public Works Loan Board (PWLB)

A government agency, which lends money to public bodies for capital, purposes. At present nearly all borrowers are local authorities. Monies are drawn from the National Loan Funds and the Treasury determines rates of interest. An annual maximum quota based on capital expenditure determines the amount each local authority can borrow in any one year, outstanding debt and amounts set aside as provision to meet credit liabilities.

Reserves

Amounts set aside for general contingencies, to provide working balances or earmarked to specific future expenditure.

Revenue Expenditure

Recurring expenditure on day to day expenses such as employees, running expenses of buildings, equipment and capital financing costs.

Revenue Support Grant (RSG)

This is a Central Government Grant in aid of Local Authority services generally. It is based on the Government's assessment of how much an authority needs to spend in order to provide a standard level of service.

Rule of 85 Age

(Pension Scheme)

The date on which the sum of -

(a) The member's age in whole years on the date his local government employment ends or the date he elects for payment, if later;

(b) His total membership in whole years; and

(c) In a case where he elects after his local government employment ends, the period beginning with the end of that employment and ending with the date he elects for payment, equals 85 years.

The rule of 85 can be reached prior to age 60; however benefits can only be paid prior to age 60 if the employer permits it. Therefore, generally for all our calculations, we assume a minimum of age 60 for the rule of 85.

Section 106

Section 106 of the Town and Country Planning Act 1990 (see extract below) allows a Local Planning Authority (LPA) to enter into a legally binding agreement

(planning obligation) with a land developer over a related issue. The obligation is sometimes termed as a 'Section 106 Agreement'.

Such agreements can cover almost any relevant issue and can include sums of money. Possible examples of S106 agreements could be:

- The developer will transfer ownership of an area of woodland to a LPA with a suitable fee to cover its future maintenance.
- The local authority will restrict the development of an area of land or permit only specified operations to be carried out on it in the future (e.g. amenity use).
- The developer will plant a specified number of trees and maintain them for a number of years.
- The developer will create a nature reserve.

Settlement
Settlements will take account of outgoing bulk transfers and will show the difference between the FRS 17 liability and the amount paid to settle the liability.

Sinking Fund
A fund where regular or periodic instalments are saved or invested to ensure payments can be made at a future time.

Stocks
Items of raw materials and stores an authority has procured to use on a continuing basis and which it has not yet used.

Trust Funds
Funds administered by the Council on behalf of others, for purposes such as prizes, charities and specific projects and on behalf of minors.

Unapportionable Central Overheads
These are overheads for which no user now benefits and should not be apportioned to services.

ABG	Area Based Grant
ACOP	Accounting Code of Practice
AGS	Annual Governance Statement
ALMO	Arms Length Housing Management Organisation
BCP	Business Continuity Plan
BVACOP	Best Value Accounting Code of Practice
CIPFA	Chartered Institute of Public Finance and Accountancy
CFO	Chief Finance Officer
CMT	Corporate Management Team
DfE	Department for Education
DISH	Development Initiative for Slough Housing Ltd
DSG	Dedicated Schools Grant
FIAA	Financial instruments Adjustment Account
FRICS	Fellow of The Royal Institute Of Chartered Surveyors
FRS	Financial Reporting Standard
HR	Human Resources
HRA	Housing Revenue Account
IA	Internal Audit
IFRS	International Financial Reporting Standards
ISB	Individual Schools Budget
IT	Information Technology
KPI	Key Performance Indicators
LAA	Local Area Agreement
LABGI	Local Authority Business Growth Incentive
LASAAC	Local Authority (Scotland) Accounts Advisory Committee
LOBO	Lenders Options, Borrowers Options
LSC	Learning Skills Council
LSP	Local Strategic Partnership
LPSA	Local Performance Service Agreement
MRP	Minimum Revenue Provision
MRR	Major Repairs Reserve
NHS	National Health Service
NNDR	National Non-Domestic Rate
PCT	Primary Care Trust
PFI	Private Finance Initiative
PI	Performance Indicators
PRG	Performance Reward Grant
PWLB	Public Works Loans Board
REFfCUS	Revenue Expenditure Funded from Capital
RICS	Royal Institute of Chartered Surveyors

RMG	Risk Management Group
RSG	Revenue Support Grant
RV	Rateable Value
SBC	Slough Borough Council
SCS	Sustainable Community Strategy
SORP	Statement of Recommended Practice
SRG	Sub Regional Group
SSAP	Statement of Standard Accounting Practice
TPA	Teachers' Pension Agency
UKGAAP	United Kingdom Generally Accepted Accounting Principles
VAT	Value Added Tax
VFM	Value for Money

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Taking pride in our communities and town

ANNUAL GOVERNANCE STATEMENT

2010-11

Introduction

1. Scope of Responsibility

1.1 Slough Borough Council (the Council) is responsible for ensuring that its business is conducted in accordance with the law, proper standards, and that public money is safeguarded, properly accounted for and used economically, efficiently and effectively. The Council also has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of economy, efficiency and effectiveness.

1.2 In discharging this overall responsibility, the Council is responsible for putting in place proper arrangements for the governance of its affairs, facilitating the effective exercise of its functions, which includes arrangements for the management of risk.

1.3 The code of corporate governance approved and adopted by the Council is consistent with the principles of the CIPFA/ SOLACE Framework *Delivering Good Governance in Local Government.* Our Annual Governance Statement explains how the Council has complied with the code and also meets the requirements of regulation 4[2] of the Accounts and Audit Regulations 2003 as amended by the Accounts and Audit [Amendment] [England] Regulations 2006 in relation to the publication of the Annual Governance Statement. and from 1st April 2011 regulation 4[2,3] The Accounts and Audit (England) Regulations 2011.

2. The Purpose of the Governance Framework

2.1 The governance framework comprises the systems and processes, and the culture and values, by which the Authority is directed and controlled and the activities through which it leads, accounts to and engages with the community. It enables the Authority to monitor the achievement of its strategic objectives and to consider whether those objectives have led to the delivery of appropriate, cost-effective services.

2.2 The system of internal control is a significant part of that framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve the policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks being realised and the impact should they be realised, and to manage them efficiently and effectively.

2.3 The governance framework has been in place at the Council for the year ended 31st March 2011 and up to the date of approval of the statement of accounts. Appendix One outlines the key factors in preparation of the Annual Governance Statement.

The Governance Framework

Identifying, communicating and reviewing the achievement of the Authority's vision and intended outcomes for citizens and service users and its implications for the Authority's governance arrangements

Key References:

- The Council's Strategic Plan;
- Local Strategic Partnerships; and
- The Strategic Planning Framework.

Commentary:

The Council's Strategic Plan outlines how the political direction of the Council's leadership combines with the long term vision for the town. The Strategic Plan sets out medium term Council priorities. .It explains the Council's role in "*Proud to be Slough – Slough's Sustainable Community Strategy*" – which sets out the 20 year long-term vision. During 2011/12 we will review and revise the Strategic Plan, this follows on from the refresh of the Sustainable Community Strategy which will be completed by autumn 2011. The Strategic Plan is an important part of how we manage our performance, linking the Council's vision and priorities into the everyday activities of our staff. It sets out our five key priorities and explains what we are doing to ensure the organisation works more effectively so that our services can make a difference. The Strategic Plan is aimed at external stakeholders and is communicated via a range of media channels.

When the Sustainable Community Strategy has been revised, the Local Strategic Partnership has agreed that it will review its governance arrangements with a view to making changes to reflect the amended priorities and to streamline the Priority Delivery Groups which report into the LSP. We will also need to assess the role of the LSP in relation to the new requirement to establish Health and Well-being Boards.

The Council's approach to planning is set out in the Strategic Planning Framework which has been endorsed by the Improvement and Development Agency. A Performance Management Framework is used to monitor service performance on a monthly basis which is reported to the Corporate Management Team, Cabinet and Overview and Scrutiny.

The Council's Consultation Officer has rolled out the U-engage consultation portal across the Council and is now working with LSP partners who have jointly invested in the system. By sharing one portal, the LSP partners intend to increase participation in consultations, coordinate consultations more effectively, and, where relevant, ensure consultations are an integral part of communicating and reviewing service provision. The Council is also reviewing its approach to community engagement to ensure that we have a more focused use of resources.

Measuring the quality of services for users, for ensuring they are delivered in

accordance with the Authority's objectives and for ensuring that they represent the best use of resources.

Key References:

-Citizen Satisfaction Surveys;

-Adherence to Quality Standards- Charter Mark;

-Service Planning Framework;

-Internal & External Inspection; and

-Performance Management Framework.

Commentary:

The Council is reviewing the way its carries out consultation with its communities, particularly following the ending of the Place Survey. We will consider the effectiveness of the Attitude Survey and other consultation techniques such as the Citizens' Panel. It is important that we use surveys and other methods to assess satisfaction levels on the services provided by the Council and it statutory partners. In addition, services work towards a number of quality standards and specific services have been awarded Charter Mark and Investors in People. Delivering high quality services is important and, where appropriate, quality tools are used, including EFQM and the Excellence Model.

Service Plans set out objectives and activities and these are scrutinised by the relevant Director. Service benchmarking information is used to assess and ensure that service delivery offers value for money and the best use of resources.

Internal review and audit, along with external inspection, provide an objective review of services and inform the basis of improvement plans focussed on improving citizen outcomes.

The statutory PI's have to be collected, audited and reported to the Audit Commission annually. Performance against these indicators is monitored quarterly where possible to produce in year management information.

Service user comments, complaints and suggestions from consultations are used to shape service delivery.

Defining and documenting the roles and responsibilities of the executive, non-executive, scrutiny and officer functions, with clear delegation arrangements and protocols for effective communication

Key References:

-Clearly defined roles and responsibilities;

-Policy & Budgetary Framework;

-Decision making Structure;

-Formal Delegation of Responsibilities; and

-Public Inspection of Key Documents.

Commentary:

The Council is composed of 41 Councillors. The overriding duty of Councillors is to the Borough as a whole but they are democratically accountable to residents of their Ward. All Councillors meet together as the full Council. The full Council is the decision making body that sets the policy and budgetary framework of the Authority. It appoints the Executive (the Cabinet); Lead Members and such Committees, Sub-Committees and Panels etc. It considers necessary to carry out the statutory functions of the Council as a Local Authority. Each year, normally in May, a new Mayor is elected who chairs the full Council meeting.

The Executive is the part of the Council which is responsible for most day-to-day decisions. The Executive is made up of a Cabinet which comprises the Leader of the Council and eight lead Councillors, called Commissioners. Each Commissioner has a specific portfolio of areas for which s/he is responsible. All services of the Council fall within the portfolios of one or more of the Commissioners. When key executive decisions are to be discussed or made, these are published in the Cabinet's Forward Plan in so far as they can be anticipated. The Cabinet has the power to make decisions which are in line with the Council's overall policy and budgetary framework. If it wishes to make a decision which is outside the framework, this must be referred to the full Council to decide. All items of business at meetings of the Council, its Committees, Sub-Committees and the Cabinet will be set out in an agenda together with reports and supporting papers. Generally, these documents are open to public inspection on the Council's website and at the Town Hall. Copies of these documents are also available free of charge on request. Normally the meetings will be held in public but where personal or confidential information, known as exempt information, is to be discussed, the meetings will be held in private and the reports and supporting papers will not be available.

The Council's decision-making structure has delegated many decisions to the senior officers and statutory chief officers. These decisions are taken after verifying that they are in accordance with the budget and policy and budgetary framework and a range of financial, legal and other relevant advice. The Council, through its Overview and Scrutiny Committee, holds the Cabinet to account and monitors performance and also considers certain executive items referred for comment. The Council also provides an opportunity for citizens and Councillors to ask questions and raise issues of broad public interest.

The Corporate Management Team (CMT) consisting of the Chief Executive and Directors meets weekly to oversee and direct the delivery of all Council services in accordance with policy, financial and legislative requirements.

Developing, communicating and embedding codes of conduct, defining the standards of behaviour for members and staff

Key References:

- Member and Officer Local Codes of Conduct;
- Council's Constitution;
- The Standards Committee; and
- Member and Officers Relations Code.

Commentary:

Councillors have to agree to abide by the Local Code of Conduct to ensure high standards of behaviour in the way they undertake their duties. The Local Code of Conduct forms part of the Council's Constitution and was reviewed and updated in July 2010. The Standards Committee has overall responsibility for ethical matters including training and advice on the application of the Local Code. Since May 2008, the assessment, review and determination of complaints about Member conduct has been delegated by the Committee to specially designated Sub-Committees.

Specific Codes of Conduct have been adopted for Councillors who carry out the Council's Planning and Licensing functions. The Council has designated the Assistant Director of Professional Services as the Monitoring Officer, in accordance with Section 5 of the Local Government and Housing Act 1989.

The Officer Code of Conduct sets out the standards of behaviour the Council expects of employees in the carrying out of their duties to ensure that the Authority maintains a deserved reputation for the high standards of its activities and the integrity of its employees at all levels.

A Member and Officer Relations Code sets out standards of behaviour and levels of expectations between Councillors and Officers of the Council.

Reviewing and updating Council Procedural Rules (standing orders), standing financial instructions, a scheme of delegation and supporting procedure notes/ manuals, which clearly define how decisions are taken and the process and controls required to manage risks.

Key References:

- The Constitution;
- The Financial Procedure Rules;
- An established Budget Monitoring Process;
- Internal & External Reviews; and
- Council wide Risk Registers.

Commentary:

The Council has an agreed Constitution, which sets out how the Council operates, how decisions are made, and the procedures that are to be followed to ensure that these are open, transparent and accountable to local people. The law requires some of these processes, while others are a matter for the Council to choose.

The financial management of the Authority is conducted in accordance with various procedures set out in the Constitution, but in particular with the Financial Procedure Rules. The Council has designated the Director of Resources as Chief Finance Officer (CFO) in accordance with Section 151 of the Local Government Act 1972.

Financial stewardship is reported to Councillors monthly, and is considered as a minimum monthly by Directorate Management Teams and the Council's Corporate Management Team. This is supported by an established budget monitoring process by Managers and Finance staff.

Through reviews by External Audit, various Inspection Agencies, Internal Audit, and the Improvement and Development Department, the Council seeks ways of ensuring the economic, effective and efficient use of its resources, and the continuous improvement in the way in which it delivers its services to the public.

The Council has various mechanisms in place that help it to identify, assess and control risk throughout the entire organisation. Directorate Risk Registers are been developed ensuring compliance with established policies, procedures, laws and regulations.

Ensuring the Authority's Financial Management arrangements conform with the governance requirements of the CIPFA Statement on the Role of the Chief Financial Officer in Local Government (2010)

Key References:

- Key Member of the Leadership Team;
- Reports directly to the Chief Executive; and
- Professionally qualified and suitably experienced.

Commentary:

The Authority's financial management arrangements conform with the governance requirements of the CIPFA statement on the role of the Chief Financial Officer in Local Government (2010).

The Chief Financial Officer is a key member of the Leadership Team and is actively involved in, and able to bring influence to bear on, all material business decisions. The Chief Financial Officer reports directly to the Chief Executive and holds a position within the Corporate Management Team equal to that of other Directors.

The Chief Financial Officer is responsible for leading, and directing, the Finance function within Slough Borough Council and is professionally qualified and suitably experienced, thereby meeting the requirements of the CIPFA statement.

Undertaking the core functions of an Audit Committee as identified in CIPFA's Audit Committee- Practical Guide for Local Authorities

Key References:

-Clearly established Audit Committee;

-Regularly convenes with clear agendas;

-Independent challenge; and

-Independent assurance.

Commentary:

The Audit Committee comprises both Council Members and independent Members who bring a wide range of commercial and governance experience, knowledge and challenge to the Council.

The purpose of this Committee, as governed by the Terms of Reference, is to provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the authority framework and non-financial performance, to the extent that it affects the authority's exposure to risk and weakens the control environment and to oversee the financial reporting process.

The Committee comprises seven people (five Councillors on a proportional basis), with co-opted members from outside the Council with suitable experience. The quorum for the Committee is two elected members and one co-opted member.

The Committee meet four or more times per year and in order to promote the independence of the Committee, there is limited cross membership between the Overview and Scrutiny Committee and the Audit Committee.

The Committee reports annually to the Council and reports on an exception basis through the Performance Report produced by the Strategic Director of Resources for Cabinet.

Ensuring compliance with established internal policies, procedures, laws regulations

Key References:

-The Role of the Monitoring Officer; and

-Budget & Policy Framework Rules.

Commentary:

The Cabinet or any Committee/Sub Committee of the Council, or any Officer are duty bound to consult the Monitoring Officer and/or the Director of Resources and Regeneration (or their representatives)as to whether any proposed decision would be lawful and/or contrary to the policy framework, and/or contrary to or not wholly in accordance with the budget. If the advice of the Monitoring Officer is that the proposed decision would be unlawful then the matter will be reviewed with appropriate advice from the Monitoring Officer on how to proceed if at all. If either of those officers consider that the decision would not be in line with the existing budget and/or policy framework then the proposal will be referred to the Cabinet or Committee/Sub-Committee for consideration. If an urgent decision is required the Budget and Policy Framework Rules relating to urgent decisions, will be applied.

After consulting with the Chief Executive and the Section 151 Officer, the Monitoring Officer will report to the Full Council or to the Cabinet (if the decision relates to an executive function) if he considers that any proposal, decision or omission would be unlawful or give rise to maladministration. Such a report will have the effect of stopping the proposal or decision being implemented until the report has been considered.

The identification and monitoring of whistle blowing informants and for receiving and investigating complaints from the public.

Key References:

-The Whistleblowing Policy & Procedure; and

-Public Concerns & Complaints Procedure.

Commentary:

The Council has a Whistleblowing Policy and Procedure in place which enables the public, staff and all those contracting with the Authority to report any concerns on a confidential and secure basis. The document has been reviewed and updated regularly and widely communicated to all concerned.

The Council has policies and procedures to deal with other complaints and concerns raised by members of staff. Customers' comments or complaints about Council services are dealt with through the established Council's Corporate Complaints Procedure.

Identifying the development needs of members and senior officers in relation to their strategic roles, supported by appropriate training.

Key References:

-Identification of corporate priorities;

-Service planning and performance monitoring;

-The Learning & Development Policy & Procedure;

-Induction Processes; and

-Ongoing appraisal process.

Commentary:

Training needs are identified through a range of mechanisms, including:

- CMT's identification of corporate priorities, initiatives and poorly performing service areas;
- the Council's service planning framework and the identification of service and staff performance gaps/development needs;
- customer feedback surveys;
- the Council's appraisal processes of its staff resulting in team and individual performance development plans; and
- Training needs analysis questionnaires.

To address the identified learning and development needs, the Council provides a range of training to both Councillors and Officers. This is in accordance with the Council's Learning and Development Policy and Procedure. The provision includes both formal and informal induction programmes for all new staff and councillors, a range of service related knowledge and skills programmes for all staff and councillors, and a programme of leadership and personal skills training. The training for Councillors is mainly delivered through the Members Services Team working with the Overview and Scrutiny Officer.

Establishing clear channels of communication with all sections of the community and other stakeholders, ensuring accountability and encouraging open consultation

Key References:

-Effective Local Media;

-Work with Local Businesses;

-Proud to be Slough Partnership Group; and

-The Community Strategy- consultation and participation.

Commentary:

There are clear channels of communication with all sections of Slough's diverse community. Communication channels include the local media, an award-winning website and *Citizen*, a residents' newspaper published six times a year. The Council has moved to a campaign-based approach to marketing which focuses communication efforts around agreed priorities and key messages. The Council's media relations efforts have also been refocused on communicating priority messages to our residents. The Chief Executive has a regular slot on Asian Star, a local community radio station.

The Council is increasing its use of SMS and social media as an alternative way of communicating with new and existing audiences. These forms of media tend to encourage two way communications.

Slough Borough Council consults and works with the business community through a number of business-oriented and representative organisations, these include Slough Business Community Partnership, Thames Valley Chamber of Commerce and The Federation of Small Businesses, in addition where a policy or activity directly impacts specific businesses, those businesses are also consulted and involved. We are now working with businesses to progress the Local Economic Assessment

The Council supports the Proud to be Slough Partnership Group, and are involved in a communications campaign to change perceptions of the town, entitled "Proud to be Slough". The Proud to be Slough logo has been incorporated into the centre of the priority model and key Council publications. It has also been adopted as the title for the town's sustainable community strategy.

The Council has a long history of community consultation and participation. A Community Consultation Officer co-ordinates consultation activities and advises on best practice. This has included establishing innovative engagement mechanisms such a Faith Forum. Work with, and support to, the local community has led to well-established systems of residents' and tenants' associations, globe groups and community groups. These groups are involved in the decision making process at a variety of levels, from community action projects to formal consultative meetings. Our service planning process is informed by ongoing consultation and involvement. We use a variety of methodologies: boards, steering and working groups with community participation, surveys, focus groups, consultation events, discussion groups, leaflet drops etc. The Council and its LSP partners are making increasing use of U-engage, an online consultation portal, with the aim of increasing responses to, and the scope of, consultations.

Incorporating good governance arrangements in respect of partnerships and other group working and reflecting these in the authority's overall governance arrangements.

Key References:

-The Partnerships Register; and

-Partnerships Guidance, including the Partnerships Protocol.

Commentary:

The Council works in partnership with other public sector agencies and the voluntary and community sector.

Partnership Guidance has recently been published and this defines the types of partnerships and the procedures for entering into a new partnership.

This Partnership Guidance covers key governance issues, including:

- A common vision of work that is understood and agreed by all parties;
- A clear statement of the partnership principles and objectives;
- Clarity over each partner's role;
- A definition of the role of partnership board members and any staff who support the partnership;
- A statement of funding sources and clear accountability for financial administration;
- A protocol for dispute resolution;
- A complaints procedure to identify and deal with failure in service delivery; and
- How value for money is to be measured and making sure the authority or partnership has the information needed to review value for money and performance effectively.

Slough Focus, the Local Strategic Partnership, constitution and terms of reference were subject to review in September 2009, and statutory partnerships, including the Crime and Disorder Reduction Partnership, have robust constitutions and protocols in place. A Compact has also been established with the third sector.

Slough Borough Council recognises that improvements are required in respect of partnerships and partnership governance. Further reviews of our strategic partnerships are planned over the next financial year.

Review of effectiveness

Slough Borough Council has responsibility for conducting, at least annually, a review of the effectiveness of its governance framework including the system of internal control. The review of effectiveness is informed by the work of the executive managers within the authority who have responsibility for the development and maintenance of the governance environment, the Head of Internal Audit's annual report, and also by comments made by the external auditors and other review agencies and inspectorates.

The process for maintaining and reviewing the effectiveness of the governance framework within the Council consists of:

- Annual reviews by Internal Audit of the authority's governance, risk management and system of internal control.
- Reviews by Internal Audit of internal controls in operation within each service area against known and emerging risks.
- Annual service planning to align service development against strategic goals.
- Ongoing review of the business of and decisions taken by the Monitoring Officer, which includes that, the Council has acted lawfully and that agreed standards have been met.
- Meetings of the Audit Committee to consider the work of and recommendations made by the internal and the external auditors and other review bodies.
- Annual reviews of the Council's financial accounts and supporting systems by the external auditors leading to their opinion as published in the year-end statements.
- Annual reviews and, where appropriate, update of the Authority's constitution including standing orders and financial instructions.
- Ongoing review of risks and the actions required to mitigate against them.
- Monthly budget monitoring by Central Finance supported by established departmental monitoring processes.
- Directors complete an annual assurance statement that is supported by a governance self-assessment completed by each Assistant Director; these are available on request.

The Directors Annual Statement of Assurance

As detailed above, in order to provide confirmation that each Directorate within the Council has a sound system of internal control in operation, which in turn helps to manage and control business risk, each Director has been required to complete, certify and return a statement of their Directorate's current position.

Each Director has been provided with a model format for completion and, in completing the statement, has facilitated the involvement of their Direct Reports to ensure that sufficient input has been obtained to provide a clear and coherent statement of all risk and control issues within any given area.

Each Director has fully engaged in this process and responded to the request for information within the designated deadline. The statements obtained are as follows:

- Resources and Regeneration
- Customer and Transactional Services
- Education & Children's Services;
- Community & Wellbeing

Signed hard copies are held by the Head of Audit.

We have been advised on the implications of the result of the review of the effectiveness of the governance framework by the Annual Governance Statement review through:

- an analysis of the departmental risk registers;
- internal audit work during the year;
- external audit reports;
- inspections and assessments undertaken by independent regulators;
- assurances and areas for improvement supplied by Directors to support the annual governance statement; and
- discussions with Directors and Assistant Directors as part of the audit planning process.

Significant governance issues have been grouped into two themes.

- Partnerships/ Procurement / Risk Management / Business Continuity
- Provision of Services

The two themes contain six subheadings in total with each identifying

- the issue
- actions taken or planned
- a responsible officer
- the key source identifying the issue

Significant Governance Issues – 2010/11

Issue	Actions	Officer Responsible	Source
Partnerships/ Procurement / Risk Management / Business Continuity			
1 Partnerships and Governance arrangements Relationships with major partners needs to be managed Localism Bill due to be passed in November 2011 will encourage a mixed economy approach to local service provision accountability and governance key aspects.	• Preparation of Partnership Governance Toolkit including risk management • Review of current partnerships to ensure that those no longer aligned to Council's priorities are reconstituted, merged or ceased altogether. Partnership registers to be developed. • New partnerships to be approved by the corporate management team and all formal partnership arrangements to be approved by cabinet. • Annual training and development programme to be developed for officers and members. • Requirement for joint partnership risk register and management of risks to be identified as part of partnership agreement. • Performance management and reviews processes to be established to review and evaluate partnerships. Key partnerships and risks to be reported to corporate management team and cabinet. • Review of Local Strategic Partnerships to meet localism bill as appropriate • Review of voluntary sector commitments and outputs to ensure VFM and Council priorities are met • Business continuity plans to be in place to cover partnerships providing critical activities.	Director s Head of Policy and Communications	Internal Audit Report Risk Register Partnership Governance Framework paper to cabinet
2 Risk Management Failure to manage risks in accordance with the BSI Standard for Risk management or to follow leading practice in place at other local authorities Failure to integrate and embed risk management within the culture of the Council	• Production of a risk framework, strategy and policy for corporate management team review and then Audit Committee • Provision of online risk management training for all staff • Production of a strategic risk register with corporate management team • Risk Management workshops to be rolled out to all senior management teams to update and improve operational risk registers	All Directors Chief Executive Head of Finance Assistant Director s	Internal Audit Management Letter

Issue	Actions	Officer Responsible	Source
Need for top down and bottom up with both a strategic risk register; operational; project and partnership risk registers in all areas of the council.	• Review of strategic and operational risk registers by corporate management team		
3 Programme Management Failure to deliver transformation projects Failure to realise expected benefits	• Benefits realisation plan to show quick wins and identifiable benefits • Communications plan • Vision statement on what programmes will bring • Decide on relative sequencing of projects • Adherence to Prince 2 for business case and risk and applying to programme as well as individual projects • Development of stakeholder map to show stakeholders and their interests in the programme	Directors Assistant Directors	Risk Register
4 Business Continuity Loss of reputation Loss of performance Failure of Council and partners to provide services	• Business continuity planning to be updated in line with new structures • Officer with specific responsibility to be appointed as responsible for maintaining and updating the Councils policies and procedures • Further awareness training for officers on business continuity and there input to it. • Review of suppliers business continuity plans to ensure continuity of supply	Directors Assistant Directors Emergency Planning Risk and Insurance officer	Risk Register
5 Procurement Reputational damage to Council if processes are not fair and transparent Failure to achieve best value	• Updating of Procurement Strategy and Code of Practice • Development of Central Contracts Register • Tender procedures to be refreshed • Revision of supporting documentation and procedures for exemptions • Further training programme for officers	Directors Assistant Directors Heads of Services Assistant Director Commissioning , Procurement and Shared Services	Risk Registers Whistle blowing concerns raised Internal Audit Report